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PLIGHT OF GOVERNMENT SOLDIERS' WIVES NOTED

BK211329 (Clandestine) Voice of the People of Burma in Burmese to Burma
0030 GMT 21 Oct 81

[Unattributed article: "Vile Husbands and Their Wives' Plight"]

[Excerpts] Confessions made by prisoners who surrendered because of their great fear of the guns of the People's Army and letters seized from the battlefield partially reveal the general life of noncommissioned officers and privates of the military government's army. The following letters reveal their plight:

The letter to medic (San Hla Baq), 2d Company of the 6th Infantry Regiment at the frontline, by his wife (Athet) on 5 August 1981 says: Please don't drink too much liquor, save money. If you really want to, drink only when you return to base. I do not want to hear anything about you getting involved with other women.

One of the letters to Private (Nyunt Ngwe), serial No 450049, 2d Company of the 6th Infantry Regiment at the frontline, from his wife (Mar Lay) says: Darling, please don't do anything with my watch. If it is not working, please bring it back. I can still use it. Darling, if you love me don't play cards. Please also be careful with whom you associate.

Another letter from (Mar Lay) dated 1 May 1981 says: Darling, the one I love. It will break my heart if you run around with Shan Omen. My loving darling, please don't fall in love while you are at the frontline and also don't squander your money. Please save as much as you can.

The lives of wives and children of noncommissioned officers and privates at the frontline--ones who have sold half of their souls to the military government--are indeed full of misery.

The saying goes: Wives of bad husbands always suffer; the wives left behind by soldiers at the frontline always have to worry about their husbands' drinking, gambling and squandering habits. It is for this very reason that they have to keep reminding their husbands--mercenary soldiers--in their letters. Reminded repeatedly though they may be, their husbands, true to the nature of mercenaries,

can never escape the quagmire of bad habits. A letter dated 12 April 1981 from a frontline commander and a major to a column commander, another major, revealed that soldiers are involved in gambling. It says: I heard there are gambling dens in Mong Yu. Please make sure that our men are not involved. One almost always loses in those games. If the soldiers lose, there will be thefts and many other unforeseeable problems.

Many soldiers and officers are being killed at the frontline. Are they dying for the country, or are they sacrificing their lives for the military government? Of the officers and soldiers who surrendered to the People's Army and became prisoners, there has yet to be one who devoutly shows his belief and his conviction as a member of the Burma Socialist Program Party. They only repent and confess about their detested existence tainted with people's blood and about their miserable lives as scapegoats are risking themselves to serve the military government.

Meanwhile, the wives of low rankers--ones who cannot escape the quagmire of gambling, liquor, women and money and who are yoked to the military government--continue to suffer as they are wives of bad husbands.

CSO: 4211/3

COMBAT NEWS FROM EASTERN KENG TUNG, CENTRAL SHAN STATE

BK231157 (Clandestine) Voice of the People of Burma in Burmese to Burma
0030 GMT 23 Oct 81

[Text] Combat news from the East Keng Tung District:

On 10, 12 and 16 August, small units of the People's Army conducted guerrilla and mine attacks at the following places: (Nam Kampang) in (Mong Pa Hsio) region; Yangka-(Sokywe) Road; and at a place between (Pahok) and (Chakyin). The attacks killed three enemy soldiers and wounded three others.

On 22 August, a small unit of the People's Army conducted a surprise attack in (Kaw Nam Hkam), wounding an enemy and killing another.

On 24 August, a small unit of the People's Army attacked the military government's mercenary 1st rifle regiment near (Man Kyaing) village, wounding four enemies including two mercenary officers.

On 26 August, a clash occurred with the enemy at (Kaw Kya Ka) village in (Keng Lat) region. One enemy was killed and another was wounded.

Combat news from the Central Shan State:

On 3 October, a guerrilla attack conducted by a small unit of the People's Army on the Lai-Hka-Panglong Road destroyed an enemy vehicle, killed four enemy soldiers and wounded six others.

On 2, 3 and 11 September, small joint forces from the People's Army, the Shan State Nationalities Liberation Organization and the Kayah New Land Revolutionary Council conducted surprise attacks on the military government's mercenary 94th infantry regiment and the 88th infantry regiment at (Shutan), (Tat-o) and (Kantha) villages located west of the Pinlaung-Nawngtaya Road, killing 14 enemy soldiers and wounding 6 others.

CSO: 4211/3

BURMA

CENTRAL SHAN STATE COMBAT NEWS REPORTED

BK161432 (Clandestine) Voice of the People of Burma in Burmese to Burma
09130 GMT 16 Oct 81

[Text] Combat news from the Central Shan State:

Between 13 and 19 July the People's Army conducted six guerrilla attacks against the enemy in the western sector of the Mong Kung-Lai-Hka Highway, killing and wounding 24 enemy soldiers including a platoon commander of the military government's mercenary 80th Infantry Regiment.

On 2 September, a small unit of the People's Army attacked mercenary forces stationed near (Nawng Waing), located west of Mong Kung-Kai-Hka Highway, killing two enemy soldiers and wounding two others.

On 8 September, a small guerrilla unit of the People's Army attacked and destroyed an enemy vehicle in an area south of Lai-Hka. Two enemy soldiers were killed in the attack.

Combat news of the joint forces:

On 8 and 24 August, small units composed of forces from the People's Army and the Shan State Nationalities Liberation Organization [SSNLO] conducted attacks against the military government's mercenary 11th Light Infantry Regiment near Saga in Yawnghwe Township and near (Loi Long) village located west of Hsi-hseng township. In the two attacks two enemy soldiers were killed and one was wounded.

On 30 August, a small unit of joint forces from the People's Army, the SSNLO and the Kayah New Land Revolutionary Council launched an attack near Saga in Yawnghwe Township, killing nine enemy soldiers from the military government's mercenary 11th Light Infantry Regiment and wounding six others.

On 1 September, an attack by the joint forces on the 11th Light Infantry Regiment near Saga killed another enemy.

On the next day, on 2 September, joint forces from the People's Army, the SSNLO and the Kayah New Land Revolutionary Council launched a surprise attack on the military government's mercenary (?88th) Infantry Regiment, which was advancing stealthily under the cover of darkness in an area east of Saga, killing and wounding over 20 enemy soldiers.

CSO: 4211/3

BRIEFS

KACHIN, SHAN NEWS--On 19 September, a small unit of the People's Army conducted mine warfare near Sadon, east of Myitkyina, against the military government's mercenary 58th infantry regiment which had been going around robbing people. The mines killed two mercenaries and wounded several others. On 11 August, a combined unit of the People's Army and the Shan State Nationalities Liberation Organization attacked a combined force of the military government's mercenary 101st light infantry and 88th infantry regiments near (Hsawngmo), Pinlaung Township. The attack killed or wounded more than 20 enemy soldiers. On the same day, an attack by a small unit of People's Army near (Saba) wounded one enemy soldier from the military government's mercenary 101st light infantry regiment. [Text] [BK111230 (Clandestine) Voice of the People of Burma in Burmese to Burma 1200 GMT 11 Oct 81]

EASTERN KENG TUNG NEWS--Guerrilla warfare in Eastern Keng Tung: On 27, 28, 29 and 30 August, guerrilla and mine attacks by small units of the People's Army at (Pang Lin) village, at a site north of (?Mong Ngen), at (Pang Ok) and at (Man Man), killed three enemy soldiers and wounded three others. On 12 September, attacks by small guerrilla units of the People's Army at (Nam Yuan), (Man Ywin) and (Wan Keng) killed four enemy soldiers and wounded four others. The following day, on 13 September, mine and guerrilla attacks by the People's Army east of Mong Hpayak field resulted in one enemy soldier being killed and another wounded. On 24 September, an attack by a small unit of the People's Army on the road between Mong Yu and (Mong Pa-she) killed one enemy soldier. Also on 26 September, mines planted by the People's Army near (Mong Yun) wounded three enemy soldiers. [Text] [BK251052 (Clandestine) Voice of the People of Burma in Burmese to Burma 0030 GMT 25 Oct 81]

CSO: 4211/3

BENGAL LEFT FRONT WANTS EARLY '82 ELECTION

Calcutta THE STATESMAN in English 25 Sep 81 p 1

[Text] The Left Front on Wednesday reiterated what its chairman, Mr Promode Dasgupta, had stated earlier that the Front would ask the State Government to urge the Governor to call for an early election by dissolving the Assembly. Mr Dasgupta explained that by early the Front meant either February or March.

Mr Dasgupta admitted that there were many "ifs and buts" in the procedure. There was no constitutional provision that the Centre would uphold the Governor's request in this matter. But there were definite conventions and such requests were usually granted.

Asked what would happen if the Governor turned down such a request for dissolution of the Assembly and early election, Mr Dasgupta retorted, "Why do you take up this negative attitude?" What the Governor would do or not do was not his concern. He could only recommend this move to the Government.

There is now some speculation regarding the motive behind such a move which to some may appear as hasty and a complete departure from the Front's repeated charge of a "conspiracy" by the Centre to topple the Front Government.

Some suggest that it is a preemptive bid to deter the Centre from imposing a long spell of President's rule. There is also a feeling in CPI(M) circles, sometimes aired informally that the party has now reached a point of stagnation and it is difficult to do more for the people at the present stage. The call for a fresh mandate from the people may be an exercise in rejuvenating the party.

The Congress(I) leaders look at this move from a different angle. They think that the CPI(M) is seeking early termination of the Government's tenure in order to escape from its commitment to the people. Mr Bhola Sen said that possibly the Front Government was trying to shirk its responsibility of implementing the Pay Commission's award for its employees. Referring to Mr Dasgupta's statement that June is either too hot or too wet for holding the Assembly elections next year, Mr Santosh Roy, the State Congress(I) secretary wondered why the CPI(M) had such apathy towards June when the last Assembly elections were held in that month in 1977. In the Panchayat elections held in the same month there was a turnout of nearly 80% of the voters, as claimed by the Government.

Mr Roy added that as an Opposition party the Congress(I) wanted that the Left Front should continue till its full term expired. There had been no development which called for early Assembly election.

Mr Dasgupta who is leaving for Delhi on Friday to attend his party's three-day Politburo meeting beginning on September 27, said that the Front's volunteers would bring out squads during the festival days to preserve communal harmony. After his return to Calcutta from Delhi he will go to Digha for a three-week holiday.

CSO: 4220/7121

KARNATAKA MID-TERM ELECTIONS REPORTED CERTAIN

Calcutta THE STATESMAN in English 14 Sep 81 p 11

[Text] Bangalore, Sept 13--Mid-term elections in Karnataka is a "certainty," Mr A. K. Subbaiah, president of the Karnataka BJP, said today.

He said that he was anticipating the elections to be held either by the end of January or February next year. (In the normal course elections to the State Assembly are due in early 1983).

Mr Subbaiah said his party was already making preliminary preparations to face the electorate. Party units in the State had been alerted and the process of selection of candidates begun. "We wanted a year's time to face the elections but the ruling party is not going to oblige us. We have to face it and we are at it now," he added.

The BJP leader said he had information that the Centre was "worried because the Gundu Rao Government is becoming unpopular day by day and if it continues even the name of Mrs Gandhi will not get votes (for the Congress(I))."

Mr Subbaiah claimed that the Centre was "seriously thinking" of imposing President's rule on Karnataka and holding mid-term elections along with Haryana and Himachal Pradesh.

Alleging that the Gundu Rao Government was "full of scandals," he said "Rao has to go the Antulay way." He alleged that the Chief Minister and some of his Cabinet colleagues were "blackmailing" a non-nationalized scheduled bank by keeping the file on the latter's purchase of land in the city pending and getting their relatives and others jobs without any interviews or tests and also loans without proper security.

Another "scandal" according to Mr Subbaiah, was that the Chief Minister had handed over personally to Mr F. M. Khan, Treasurer of the Congress(I) Parliamentary Party and close confidant of Mr Gundu Rao, the file concerning the State Krishi Samaj's Rs 25-crore multi-storeyed building scheme in the city. He said already Rs 15 lakhs had been spent in preparing plans and estimates. Mr Subbaiah demanded an inquiry into the two "scandals." The BJP president said he had written to the Chief Minister a fortnight ago demanding that he dismiss Mr Sudhindra-rao Kasbe, Minister of State for Regulated Markets, because of the scandal in the distribution of sites in the Yeswantpur market yard, on the outskirts of the city. He said he had made the allegation on the floor of the Legislative Council that anyone could get a site in the market yard overnight by paying a bribe of Rs 20,000."

CORRUPTION IN MAHARASHTRA CIVIL SERVICE DESCRIBED

Calcutta THE STATESMAN in English 14 Sep 81 p 9

[Article from M. H. Jadhav: "Weak-Kneed Civil Servants of Maharashtra"]

[Text] Bombay, Sept 13--Maharashtra, which once enjoyed the reputation of being one of the best administered States because of quite a large number of upright, competent and independent civil servants, sadly no longer has that status.

The deterioration in moral standards in the State's civil service set in some time ago. With the coming of Mr A. R. Antulay on the scene as the Chief Minister in June last year the process of deterioration has been hastened and the back of the State's civil service has been broken.

One has only to visit the State Government's secretariat in the heart of Bombay to hear stories of how senior IAS officers acquiesced to do irregular things, allegedly at the Chief Minister's bidding.

Mr Antulay reportedly terrorized senior as well as junior civil servants as soon as he came to power. But none of them showed any courage to stand up to his often flagrant disregard for rules and conventions, and to his open contempt for civil servants. For instance, Mr D. M. Sukhthankar, a senior IAS officer and Municipal Commissioner for Bombay city weakly carried out the Chief Minister's grossly inhuman order for the eviction of pavement dwellers in the city in the midst of the heavy downpour in July.

Informed sources in the State Government point out that the Chief Secretary, Mr P. G. Gaval, Special Secretary to Mr Antulay, Mr S. P. Mohoni, Secretary to the Civil Supplies Department, Mr V. T. Chari, and the Finance Secretary, Mr V. Prabhakar, remained helpless spectators to the collection of funds. What is striking is that many senior IAS officers have become the active instruments in the collection of huge funds by the politician.

With Mr Antulay engaged in fund-raising operations on a large scale, many civil servants have reportedly not merely gone along with him but also seized the opportunity for pecuniary gains and rapid advancement of their careers. It is common knowledge in Bombay that the Secretary in charge of Transport and Prohibition and Excise had allegedly become a willing instrument for a politician to make huge sums of money from the distribution of industrial alcohol and country liquor shop permits. A retired civil servant, Mr M. S. Lulla, who was until recently

Chief Secretary to the State Government, had no hesitation in becoming Mr Antulay's instrument in carrying out the Chief Minister's bidding as his personal assistant. He engaged himself in liquor deals and in unflattering work of issuing cement permits.

It is not known whether the Secretary to the Civil Supplies Department had recorded his protests on files against irregular distribution of cement when the concerned files on cement permits and quotas passed through him. It is also not known whether the Secretary to the Finance Department has noted his objection to the transfer of Rs 2 crores from the State Treasury to the private trust called Indira Gandhi Pratibha Pratisthan. It is also not known whether the Secretary to the Urban Development or Revenue Departments had raised objection to the sale of seven acres of Government land in the Worli area in the heart of Bombay for a mere Rs 9 lakhs when the market price of the plot in question was Rs 35 crores. If they have not done so, their conduct as civil servants can be questioned.

It is pointed out here that one has only to visit buildings like Suruchi or Suniti just opposite the Secretariat building, where the top civil servants of the Maharashtra Government live, to realize that the life-styles of a growing number of these bureaucrats are not very distinguishable from those of business men and industrialists.

There are very many examples in the Maharashtra Secretariat of ambitious and opportunist senior IAS officers having ingratiated themselves with the Chief Minister despite his autocratic behaviour and his contempt for civil service people to leap frog to success over the heads of their colleagues. These civil servants feel bold and confident that with the support they enjoy from ruling politicians and from their contacts in the world of private business they cannot be touched.

In the context of the Antulay trusts episode what is ironic is that even if Mr Antulay were to be removed from office following widespread criticism and opposition, the Chief Minister's henchmen in the civil service will get away scot free and will no doubt be ready and willing to advance further their private fortunes in collusion with the succeeding political regime.

However, a handful of civil servants showed exemplary courage in standing up to the patently scornful behaviour of the Chief Minister towards senior as well as junior IAS officers in the State. They are Mr S. S. Tinaikar, Mr Jay Raman and Mr Gopal Krishnan. Their courage and self-respect were rewarded with expletives, insults and ultimately transfers to remote districts on assignments not in keeping with their standing in the service.

The consequences of this state of affairs have been two fold. The bureaucracy is slowly and surely disintegrating, for the norms which have hitherto determined its internal dynamics like postings, promotions and service conditions, as well as its relationship with the political leadership, have been thrown to the winds. Secondly, even as the bureaucracy as an institution has been severely undermined, there have emerged powerful bureaucrats who operate with the same arbitrariness and sense of power as politicians.

CSO: 4220/7106

DASGUPTA ADDRESSES WEST BENGAL CPI-M COMMITTEE

Calcutta THE STATESMAN in English 22 Sep 81 p 3

[Text] The two-day meeting of the CPI(M)'s West Bengal State Committee had asked party workers to be vigilant for the next two months about the activities of divisive forces which are out to disturb the communal harmony prevailing in the State.

The CPI(M) leader, Mr Promode Dasgupta, referred in this connexion to the visit by a dubious character from Bombay and his reported promise of financial help to different organizations. The All-Assam Students' Union, he said on Monday, had sent volunteers to Cooch Behar to strengthen the demand for a separate Uttarakhand State. The movement for Jharkhand was no longer confined to tribals: now divisive elements among upper caste Hindus and Muslims had joined the movement. The Naxalites had also joined the movement and were operating in North Bengal districts and Burdwan. Even agencies from Bangladesh were trying to stir up trouble.

Mr Dasgupta admitted, however, that apparently there was as yet no coordination among these forces. But each in its own way was trying to disturb peace and impair the democratic movement in the State.

Referring to the allegation by Mr Yogendra Makwana, Minister of State for Home Affairs, that political murders were unique in the three States run by the Communists, the CPI(M) leader said that political murders became the order of the day when Mr Siddhartha Ray took over in 1970 after the dismissal of the United Front Ministry.

About 1,100 CPI(M) workers were murdered. When Mr Ray was the Chief Minister the cult of violence became so strong that 130 Congress workers died in intraparty clashes. Similarly, fifty-eight members of the Congress(I) had been murdered by the party's own workers during the past four years.

Mr Dasgupta said that about 500 delegates participating in the party's State conference in Calcutta from December 27 to January 2 would not only discuss local issues but also review the implementation of the policies adopted at the party's last Jullundhar congress. The district conferences would be completed between November 16 and December 22. All these conferences were a preparation for the party's congress at Vijayawada next year.

INCREASE IN CPI-M MEMBERSHIP ANALYZED

Calcutta THE STATESMAN in English 22 Sep 81 p 8

[Editorial: "Marxist Gains"]

[Text]

It is hardly surprising that there has been a considerable increase in membership of the CPI (M) in the last three years —from 161,400 in 1978 to 267,200 this year. The increase seems to have begun soon after the party came to power in three States: power tends generally to attract a following. In West Bengal, the strength has risen from 43,300 to 79,100 and in Kerala from 67,300 to 104,000. These two States now account for 68% of the party's total membership. The figures for Tripura are not available, but there must have been a substantial organizational expansion there too. On the other hand, the CPI(M) is said to be losing ground in Bombay despite the fact that the city has a large concentration of working class population. This might seem surprising, but when it appears that the bulk of the party members belongs to the middle class. At the last conference of the party's West Bengal unit in 1978, it was revealed that as many as 303 of the 373 delegates were from the middle class; only 23 delegates belonged to the working class. The figures released during the conference also showed that, whereas only five of the delegates had become party members after 1971, as many as 64 became members between 1965 and 1971 when the party dominated two United Front Governments. All this may perhaps be usefully considered in seeking an explanation for the party's inability to make much headway in the Hindi-speaking belt in accordance with the directive of its last plenum.

It would, however, be wrong to ascribe the CPI (M)'s growth only to its being in power in three States. There are certain other reasons why it has gradually replaced the CPI as the most influential leftist party, although the latter claims not only a much larger membership (about 400,000) but also a wider base. A major factor which has helped the CPI (M) has been its avoidance of any identification with either the Soviet Union or China, though the Sino-Soviet rift was largely responsible for the 1964 split of the undivided Communist Party. Recently, the Marxists have generally endorsed Soviet policies on such issues as Afghanistan and Kampuchea, but by and large they have succeeded in avoiding being branded as either pro-Russian or pro-Chinese. Another factor in their favour has been the CPI's ambivalent attitude towards the Congress (I), which has made it suspect in the eyes of most Opposition parties. If the presence of pro-Dange elements cast a shadow on the CPI's official line, the exit of the Naxalites helped the CPI (M) to shed its extra-radical image and gain wider acceptability. Opposition misgivings about the CPI persist even after Mr Dange's formal break with the party; on the other hand, the CPI (M)'s recent record in West Bengal, despite bandhs and other follies, may have allayed some of the fears generated during the previous two spells of United Front rules.

SERIOUS DOUBTS EXPRESSED OVER FOREIGN DEBT BURDEN

New Delhi THE MONTHLY COMMENTARY ON INDIAN ECONOMIC CONDITIONS in English Aug 81
pp 35-36

[Article by K. Rangachari: "Foreign Debt Burden: A Disturbing Possibility"]

[Text]

India's decision to borrow a massive sum of Rs. 5,068 crores (5,400 million SDRs) from the IMF raises, apart from the intricacies of the conditions or adjustments which the Fund may require, certain allied issues relating to this country's capacity to cope with the problems of servicing the growing volume of foreign debt.

The Union Finance Minister's recent statements have made it clear that about Rs. 2,600 crores will be made available from the Fund's own resources which carry an interest of 6.25 per cent and the balance will be provided from borrowed funds which, at the present levels of interest rates in the world's money markets, may work out to about 15 per cent or more with the average approximating to about 10 per cent. Thus, when the entire amount is drawn in three years, the annual interest charges alone will amount to Rs. 500 crores while amortization in 10 or 12 instalments will be an addition according to the dates on which they fall due.

Beginning

This is not all. The Government has also taken a policy decision to resort to borrowing in the capital markets abroad and has already made a beginning with loans of \$953 million last year. Mr. Venkataraman is highly pleased about India having "a very high reputation in the international market as a borrower." This is a door which will open wider still with the acceptance of India's application for the Fund loan. It is the IMF's considered view that the main task of recycling the Euro-dollars or petro-dollars belongs to the commercial banks.

The Fund sees its role as one of making the borrowing countries sufficiently creditworthy by prescribing for them strong adjustment programmes and thus "unlock for them additional financial resources stemming from the private sector."

Normally the appraisal of the risks of commercial lending whether to individuals or Governments, should be the function of the banks themselves which can lay down conditions for the borrower regarding the security of their loans. Commercial banks are in a position to lay down such conditions to Governments which would satisfy their ideas of creditworthiness or of avoidance of risks; gradually they have shifted this responsibility to the IMF. In most cases they now agree to lend only after an IMF loan has been negotiated since they are then sure that the risks of default or re-scheduling on account of balance of payments difficulties will be considerably reduced.

This role has strengthened the power of the Fund over the economic policies of developing countries. The total commercial bank lending to non-oil developing countries is reported to have increased to \$36,000 million by 1980, only slightly below the combined total of official aid and private direct investment in these countries. In theory, the Fund has little to do with development aid which lies within the province of the World Bank but in practice it has assumed the responsibilities of channelling such aid from private sources, which in a sense is "free market oriented", by offering its surety.

It is this aspect of India's IMF loan that needs greater consideration than the "conditionality" aspects on which the Finance Minister has now given assurances which may be taken as satisfactory and generally helpful to the objective of pushing through a programme of efficient use of our capital resources and a stabilization policy. How much will the Government borrow on a short-term basis from the international banking system at the high and variable rates of interest which can result in adding substantially to the present burden of debt servicing plus the prospective servicing burdens imposed by the IMF loan?

The Sixth Plan assumes a net inflow of aid and borrowings of Rs. 10,976 crores of which net aid is estimated at Rs. 5,889 crores (at 1979-80 prices). The IMF loan is just equal to the borrowing target (which is the difference between the two figures) and should normally bridge the gap, except for the fact that the aid climate has become worse since the estimate was made and prices also have risen requiring a correction in the estimates. There is also uncertainty over the extent of deterioration in our terms of trade in the next three or four years as a result of higher oil prices or rising costs of other imports. In view of the Government's decision to maintain the foreign exchange reserves at the present level of about Rs. 4,000 crores, the current account payments will pose serious problems unless earnings from India's exports and invisibles show unexpected improvement. Revision of the foreign exchange budget of the Sixth Plan may therefore have to be made continuously. The outcome of such exercises can only be the raising of the targets of external resources since in most cases project requirements have been grossly underestimated to get them included in accordance the traditions of our planning.

Exorbitant

Will the Government then abandon the restraint it has so far observed and seek commercial loans at the exorbitant rates of interest prevailing now and thereby create for itself serious problems of debt servicing? Some assurances on this aspect will be as relevant as those already offered by the Finance Minister on non-acceptance of conditions derogatory to the national interest in the IMF's prescriptions for adjustment policies. The Sixth Plan does mention that the estimates of borrowings have been guided by the need to keep down the debt-service ratio. The Economic Survey issued this year stressed the need for an external

financing strategy which ensures that the "cost of borrowed funds from abroad is minimised and debt-servicing obligations are kept within prudent limits."

The total external public debt of the Government at present is about Rs. 12,000 crores; there are besides other transactions which need foreign exchange for servicing purposes. The annual total debt servicing now requires about Rs. 882 crores which is well within normal limits of 8 to 9 per cent of our earnings from the export of goods and services. Unless these earnings show remarkable improvement in the next few years, the servicing of the new IMF loan will by itself double this percentage. Considering that at one time in 1971-72, our debt-servicing ratio was as high as 27.7 per cent, a rise in the present ratio to about 17 per cent, excluding commercial borrowings, need not be regarded as disturbing. The question is by how much will our commercial borrowing raise this percentage.

The IMF is coming to terms with the fact that the debt-servicing ratio of the non-oil developing countries is rising from about 17 per cent three years ago to a figure closer to 21 per cent, because of protectionist policies which affect their exports and the high interest rates resulting from the restrictive financial policies of industrial countries to control their inflation. A high debt-servicing ratio by itself is not a matter for worry if the borrowed funds are efficiently used to yield surpluses which could meet their high cost.

And there's the rub. India's use of capital resources has been most inefficient; the capital-output ratio has been rising continuously with the public sector showing poor results for the enormous amounts of capital sunk into the various projects under its control. This has not caused any serious crisis so far because of the concessional terms of loans provided by the World Bank and IDA, and the grants and soft terms offered by some Western donors on a bilateral basis. That phase is ending and will gradually give way to a new situation in which it is imperative for our planning and executing agencies to ensure that borrowed funds are used only for quickly maturing schemes and made to yield returns which are commensurate with the debt-servicing burden borne by the Indian economy on their account.

It is hard to find an optimist who will concede this possibility. Loans have been taken for purchase of aircraft, ships, railway

rolling stock or wheels and axles for wagon-building which are among the several areas of quick-yielding projects but even in these there have been delays and inefficiency in the overall use of equipment and the rest of the economy has had to find the resources for servicing loans as well as covering losses.

Until the Government's intentions are known in regard to the size and purposes of commercial borrowing, it may be unwise to create serious doubts. The Finance Minister has been accusing his critics of creating an unnecessary scare over the IMF loan, a posture which questions the right of the public to show interest in major current developments which concern every citizen.

Secretiveness

There is unnecessary secretiveness about matters of public interest, though we can recognize the need for confidentiality in negotiations at certain stages. There is reason to feel disturbed by the possibility that the Government, feeling flattered by what it regards as its sound credit rating by foreign banks which want to recycle OPEC surpluses, will borrow indiscriminately for long-term projects and uneconomic uses and take risks with our future balance of payments.

CSO: 4220/75

CORRESPONDENT DESCRIBES SIKH FACTIONS IN PUNJAB

Calcutta THE STATESMAN in English 15 Sep 81 pp 1, 9

[Text]

CHANDIGAREH, Sept. 14.—A handful of people have succeeded in projecting the demand for Khalistan (Sikh homeland) in a big way with the indirect help of those who oppose this demand. It may sound a paradox but is a fact.

The political forces which fomented the agitation did so to promote their vested interests. They are not supporters of the movement. But now they find it beyond their control and do not know how to contain it. The movement for Khalistan was not isolated. It was part of a foras of other issues.

The latest instance is the murder of Lala Jagat Narain. The authorities have already hinted that the sponsors of the Khalistan movement might be behind the crime. The findings so far point towards the followers of Sant Jarnail Singh Bhindranwale who has never been associated with the Khalistan demand or movement. He has not mentioned Khalistan in any of his statements and speeches and declares himself to be a purely religious leader. Sant Bhindranwale's followers do have a score to settle with all those who supported the Nirankaris but, beyond that they have no political motives behind their acts.

Ironically, the movement for Khalistan derived its strength from the ruling Congress (I) itself. Party leaders indirectly backed it to be one-up in their faction fight. Senior Akali leaders have alleged time and again that the Congress (I) is behind the movement to discredit the Akali Dal. Supporters of Mr Zail Singh, Union Home Minister, have gone so far as to say that Mr Sukhinder Singh, the latest champion of Khalistan, was patronized by the Punjab Chief Minister, Mr Darbara Singh.

At the same time, Mr Darbara Singh's supporters blame Mr Zail Singh's group for helping people like Mr Jagjit Singh, the first to raise the demand in the past. The Chief Minister's camp had also alleged that Mr Ganga Singh Dhillion, a resident of Washington who

promoted the idea of associate membership of the United Nations for the Sikhs at the Sikh educational conference at Chandigarh, had met the Union Home Minister during his visit.

Mr Zail Singh's camp has been accusing the Punjab Chief Minister of dragging his feet in dealing with the extremist elements among the Sikhs. They had been allowed a long rope and effective steps were not taken by the State Government in the initial stages of the movement for Khalistan, they say. This attitude of the State Government emboldened the protagonists of the demand and they have made their presence felt.

The Chief Minister's camp complains against the pin-pricks from the Union Home Minister which did not let the official machinery in the State function effectively. Needless to say, Mr Darbara Singh and Mr Zail Singh lead different groups in the State Congress (I). Both of them have, however, publicly said that there were no differences between them.

Vocal opposition and ineffective steps by the ruling party, a raging controversy among non-Akali parties and running battles between language papers have given the movement a fillip.

The present phase of the Khalistan movement began about a decade ago when Mr Jagjit Singh, a former Akali Finance Minister of

activities. Of late some cases have been registered against them. Since their number was small, they chose bigger gatherings like the Sikh educational conference at Chandigarh and the Holi Mohalla gathering at Anandpur Sahib.

Yet another element was introduced by Mr Ganga Singh Dhillion, who like Mr Jagjit Singh, is believed to be close to the U.S. Administration and the Pakistan Government. He, too, is known to have plenty of funds and is settled in Washington though he keeps moving all over the world, including Pakistan. He presided over the last Sikh educational conference of the chief Khalsa

diwan which has been a non-controversial organization and has been with the establishment generally. He raised the demand for an associate membership for the Sikhs in the U.N. It created a stir. Though he publicly disassociated himself from the demand for Khalistan, his suggestion had done mischief. The extremists had a new slogan.

The most recent factor is Mr Sukhinder Singh, a former deputy Superintendent of police who was elected an MLA in 1977 on the Akali ticket and was made Education Minister by Mr Badal. He was ambitious and wanted to reach the top too soon. Mr Badal dropped him—in fact he was dismissed after charges of corruption were levelled against him by his own partymen. He decided to have extremist leanings within the party under the patronage of Mr Gurcharan Singh Tohra, president of the Shromani Gurdwara Prabandhak Committee. He almost supported Khalistan and Mr Badal and other Akalis, who had presented themselves as secular and liberal, were embarrassed.

Recently he was expelled from the Akali Dal (Longowal). He was announced the formation of the Sikh League to work for Khalistan. He was a very limited following and it is yet too to be seen how many he is able to draw to his new party.

BURNING FLAG

There have been stray cases of violence, sometimes by one of these groups and sometimes by mischief makers. There have been incidents like the burning of the national flag. Recently some editors in Punjab received partially burnt national flags in parcels. Nobody knows about the men behind these acts.

Though there are at least six Akali Dals today, the main one, led by Sant Harchand Singh Longowal and another led by Mr Jagdev Singh Talwandi have publicly opposed the demand for Khalistan. In fact, none of the Akali Dals is for it. The Longowal and Talwandi

Punjab, parted company with his old party and decided to stay in foreign countries mostly in the U.K. and the USA for what is now being described as anti-national activities. During the last Indo-Pak war, he is alleged to have addressed Sikhs over Radio Pakistan. He holds passports issued by more than one country and does not lack monetary support for his activities. Where he gets his funds from is well known to the authorities in India. Yet he continued to have links with Akali and Congress leaders in India.

The Congress leaders it is alleged, let him operate and even visit India. The last time he came here he "installed a radio station" at the Golden Temple, Amritsar, because it embarrassed the Akali Dal. Neither the Central nor the State Government thought it necessary to take action against him during his visit here though his visit was too well known.

After Mr Jagjit Singh left, he "authorized" three to four friends of his to carry on the campaign for Khalistan in the name of the National Council of Khalistan which Mr Balbir Singh Sandhu has been doing. Sitting comfortably in the sanctum of the Golden Temple, this "office" made public what were supposed to be Khalistan passports, postal stamps and currency notes over the past few months. These were produced abroad and were sent here. They proved to be important propaganda instruments in the campaign.

Another phase of the Khalistan movement was started by a small group of young Sikhs who were not satisfied with the established Akali leadership. The group, starting with about a dozen persons, swelled to about 200, and their activities included Press conferences in the initial stages, processions, hoisting of Khalistan flag, slogan-shouting at gatherings and exhibition of the new map of the demanded Sikh homeland. No mass Sikh organization associated with them, though supporters of Mr Jagjit Singh sometimes attended their meetings. This group, called Dal Khanda still exists and very little has been done to curb their groups have been wanting implementation of the Anandpur Sahib resolution which demands autonomy for Punjab except on four issues—defence, foreign affairs, communication and currency—which should remain with the Centre. Incidentally, CPM-M leaders have been friends and guides to the Akalis for a long time and such demands could be inspired by them. In any case there is a lot of confusion about the resolution itself, many versions of which are in circulation. Another source of confusion and, of course concern, is the "Sikhs are a separate nation" theory which is being supported by the Akalis of various groups. Nobody seems to be clear about it, though some political parties, including the Congress (I) and the CPM, consider it a step towards the Sikh homeland demand.

Most Akali leaders and some Sikh intellectuals, including a few in Government service and some in universities, who have been drafting statements of an extremist nature on behalf of leaders in the past, have been wanting more benefits for the Sikhs for obvious reasons. It is difficult to say whether they are supporters of the Khalistan demand as such. Perhaps they are not for it because they realize the dangers inherent in such a move. The Sikh population of Punjab is a little more than half of the total and it includes Congressmen, Communists, Socialists and non-political people.

But the Akali leaders of different groups have somehow got into a vicious circle of making new demands, some of them of an extremist nature, in the belief that they will attract more followers. This is the result of in-fighting among the Akalis. This creates confusion and at times gives an impression that the Khalistan movement is getting to be getting out of hand.

TURNCOATS

It may be of interest to recall that one supporter of the Sikh homeland concept today finds himself in the Congress (I) legislature party while another is known to be among the moderate and liberal leaders of the Akali Dal (Longowal). Also, the Akali Government in the State had shied away from hosting a Chief Ministers' conference for more autonomy for States during the Central Janata Government. The Central Janata Government and Akali-Janata Government in the State did not take any steps to curb the extremist demands either.

As for the State Government, it has so far registered 10 cases of acts like preaching secession and incidents created by extremist elements among the Sikhs. Seven of these cases are connected with the Khalistan movement. It is claimed that several arrests had been made in this connexion but the general impression among the people is that the Government had been too soft towards them and had not curbed their activities as it should have.

The Governments at the Centre and the State work up recently to the need to take steps against the movement. Perhaps here had to be a murder—in this case of Lala Jagat Narain—to jolt them out of their stupor. That the Prime Minister is concerned is obvious from the visit of the Union Home Secretary Mr T. N. Chaturvedi to study the problem at her instance. Mr Chaturvedi knows this region as he was the Chief Commissioner of Chandigarh and can have a close, yet detached view of the problem. His findings and suggestions may help solve a difficult problem in this sensitive border area. What is needed perhaps is the need to isolate the Khalistan issue and its supporters and to take firm and effective steps without disturbing communal peace in the State.

DISSIDENT APPOINTED TO LEAD GUJARAT CONGRESS-I

New Delhi PATRIOT in English 23 Sep 81 pp 1, 7

[Text]

DISSIDENTS in the Gujarat Congress-I scored a major victory by getting Mr Maldevji Odedara MP appointed as the new PCC-I chief. Mr Odedara is an active dissident.

Of the five vice-presidents in the new ad hoc PCC-I, appointed by Mrs Indira Gandhi in her capacity as party president on Tuesday, three belong to the dissident group.

Mrs Gandhi also reconstituted the Andhra and Assam PCC-Is. The president of the new Andhra PCC-I is Mr Kona Prabhakara Rao, Speaker of the State Assembly. Mr Dharani Dhar Das has been appointed Assam PCC-I chief in place of Mr I K Doley who has also been accommodated in the new PCC-I.

Mr Prabhakar Rao, whose name has been favoured by Chief Minister Anjiah when he met Mrs Gandhi on Tuesday, resigned as Speaker a few hours before the announcement of his appointment was made.

SETBACK FOR SOLANKI

In the case of the new Gujarat PCC-I, Mr Solanki has been staunchly opposing the choice of Mr Odedara. He had to give his formal approval on Monday when

it was found that the high command had already settled for his choice.

The dissidents too had to compromise as their first choice, Mr Ibrahim Kalaniya, MP, was not selected to head the PCC because of the Solanki group's strong resistance. Mr Odedara was the dissidents' second choice.

Mr Solanki's first choice was his staunch ally Mr Jinabhai Darji, but he was found unacceptable by the high command. Other alternative names submitted by him had delayed the appointment.

The three dissidents named as vice-presidents are Dr Mahipat Mehta MP, Mr Ibrahim Kalaniya MP, and Mr Jannadas Vakaria, MLA. The fourth vice-president Mr Jeevraj Thobhan MLA, is a nominee of Mr Solanki. The fifth, Mr C D Patel, is close ally of Mr Darji.

The seven general secretaries named are: Dinker Desai, MLA, Vadilal Kamdar MLA, Prof Nasmukh Patel, Dr Shirish Purohit, MLA, Mr Irshad Mirza, Mr Shantaben Chavda MLA and M N Shah.

Mr Rasiklal Shah has been appointed as the treasurer.

Notable amongst the executive committee members are: Mr

Madhavsingh Solanki, dissident leader Ratubhai Adani, Mr Jinabhai Darji, Mr Chiman Mehta, Mr Narsinh Makwana MP, Mr Jaideepsingh Baria MP, Mrs Shantaben Makwana MLA, and Mr Satyan Patel.

The general secretaries of the new Andhra PCC are: Mr D. Narayana Rao (East Godavari), Mr M K V Reddy, MLA (Narasimlu), Mr Sitaramayya, MLA (Khammam), Mr Rajam, MLA (Khammam), and Mr D Venkatesan, Labour leader (Hyderabad). Mr K. Ramesh Transport Minister, is the treasurer.

The names of the vice-president, executive committee members and other office bearers would be announced by the PCC (I) president after consulting the local leaders and approval by the high command.

ASSAM

Among the five vice-presidents of Assam PCC-I are Mr Dharna Dhar Barumetari and Mr Santosh Mohan Dev and the three general secretaries are Mr Rajen Phukan, Mr Tarun Gogoi and Mr Shaukat Ali. There are also three secretaries.

The 38-member Assam PCC executive includes Mr L K Doley, Mrs Anwara Talimur, Mr N R Lakkar, Mr Bipin Pal Das, Mr Hrishwar Raikh, Mr Nurul Islam and Mr Naren Sharma.

NATION OPPOSED TO SPACE TECHNOLOGY MONOPOLY

New Delhi PATRIOT in English 23 Sep 81 p 3

[Text]

INDIA has warned developing countries against a few advanced nations monopolising the application of space technology for development, reports UNI.

In a national paper prepared for the UN conference in Vienna next year, India has called for various kinds of checks and balances and appropriate regulatory mechanism regarding several space activities.

The United Nations and its agencies should take steps to ensure that they are not used as vehicles to further the commercial interests of a country or a multinational corporation at the expense of an unsuspecting developing country, adds the paper.

On the crucial issue of using geosynchronous orbit, the paper has stressed the need to evolve a system for allocation and utilisation of the orbit which will not only prevent squatters' rights being conferred on an everlasting basis but allow the technological advances for a better use of the orbit.

It should be ensured that present and future space objects in geostationary orbit should not

jeopardise the utilisation opportunities once they have outlived their utility.

Efforts to improve the use of synchronous orbit should not be allowed to act as a barrier to the work of developing countries striving for the self-reliance through the use of relevant but not necessarily latest technology.

There is urgent need to revise the present allocation methodology making present and future needs of a country an essential criterion in a new dispensation instead of the present practice of allowing the first-come first-served basis.

India would like to see definite international agreements on dissemination of remotely sensed data, finer than a certain resolution depending on the sensor capacity.

CSO: 4220/7116

RESERVE BANK GIVES FIGURES ON COOPERATIVE CREDIT

New Delhi PATRIOT in English 16 Sep 81 p 8

[Text]

BOMBAY, Sept 15 (PTI)—The year ending June 1979 witnessed a further growth of co-operative credit institutions of all types, with total membership increasing by 8 million to 73 million and working capital by Rs 1,559 crores to Rs 13,442 crores, according to the statistical statements relating to co-operative movement in India, 1978-79 published by the Reserve Bank.

Of the total working capital deposits were Rs 4,241 crores (32 per cent) and owned funds (comprising paid-up capital and reserves) amounted to Rs 2,103 crores (15 per cent).

The aggregate short, medium and long-term loans made available to ultimate beneficiaries by co-operative credit societies and land development banks rose by 12.4 per cent to Rs 1,698 crores of which Rs 585 crores went to the weaker sections of the community.

Operating through 384 offices, the 27 State co-operative banks covered all the States and Union Territories except Dadra and Nagar Haveli, Lakshadweep and Mizoram.

Their deposits registered an increase of Rs 222 crore, to Rs 1,228 crore (forming 60 per cent of total working capital), while advances were higher by Rs 82 crores at Rs 1,420 crores, with overdues amounting to Rs 127 crores as on 30 June, 1979.

The active societies covered 93 per cent of the villages in the country against 91 per cent in the previous year. Their membership increased by 5 million to 53 million, of whom borrowers accounted for only 36 per cent.

Kerala accounted for the major portion (i.e., Rs 35 crores) of the increase in deposits.

The societies together advanced during the year Rs 1,262 crores as short-term loans and Rs 166 crores as medium-term loans, as against Rs 1,111 crores and Rs 162 crores respectively, in the previous year.

Their overdues amounting to Rs 927 crores showed an increase of Rs 117 crores and formed 47 per cent of loans outstanding.

More than 56 per cent of borrowers were defaulters to these societies.

CSO: 4220/7108

DETAILS ON PLOT AGAINST GANDHI GIVEN

New Delhi PATRIOT in English 23 Sep 81 p 10

[Text]

TWO two Bihar wouhts arrested for the alleged conspiracy to assassinate Prime Minister Indira Gandhi were to carry out their plan during an election meeting at Ranchi on 1 January last year, police sources said reports UNI.

They said Kameshwar Prasad Singh and Ganesh Dutt Sharma — who hatched the conspiracy along with Prem Shankar Podar of Calcutta — could not succeed as Mrs Gandhi did not visit Ranchi because of bad weather that day.

The sources said Podar was a regional secretary of the Proutist Bloc of India the political wing of the Ananda Marga. The other two also had close links with the organisation.

Having failed to execute their plans in Ranchi the suspects visited Delhi in August this year. They stayed at an unknown place in the Capital for three days and 'studied the route and the timings of the Prime Minister's motorcade'.

The alleged conspiracy to kill the Prime Minister came to light during interrogations of the two accused in some other case. It is

learnt that one of them is considered to be a threat to 'VIP security' by the police in Bihar.

Meanwhile a Delhi Police party is understood to have left for Calcutta in pursuit of Podar. Senior officers in Delhi however, remained tight-lipped about the police party's mission.

MARGA DENIAL

The Ananda Marga has denied reports appearing in a section of the press that it had entered into a conspiracy to assassinate the Prime Minister.

In a statement in Patna Acharya Shradhdhananda, advocate for the general secretary, Ananda Marga Pracharaka Sangh, denied the allegation and said the Ananda Marga had nothing to do with such nefarious activities. In fact he said 'we condemn such activities if done by anybody anywhere'.

'Ananda Marga has always asserted that it is a purely spiritual organisation preaching yoga and doing the work of social service to the suffering humanity through education, relief and welfare sections', the statement added.

CSO: 4220/7116

SITUATION IN BIHAR TRIBAL AREAS 'EXPLOSIVE'

Calcutta THE STATESMAN in English 14 Sep 81 p 13

[Text]

PATNA, Sept. 13.—An explosive situation prevails in the tribal regions of Chotanagpur and Santhal Parganas where different tribes are trying to revive their fading socio-cultural institutions and reassert their political identity.

The tribal population has, for all practical purposes, become a homogeneous entity now. They appear to be striving for not only the creation of a separate Jharkhand State for themselves, but are also busy formulating strategies to drive out of their homeland what they call "Dikum" (non-tribals residing in these parts of the State).

The violent uprising in Sundaga near Ranchi about three years ago, the armed rebellion in Gua near Jamsheer last year and the continued running of a parallel Government in the interior of Santhal Parganas are interpreted by the tribals—both educated and illiterate—as 'landmarks in their "freedom struggle"'. Also, they resent the massive industrialization and increased mining operations in the regions. Perhaps these sentiments of the tribals explain why only firebrand leaders and extremist organizations have been able to widen their mass base over the past few years. The original Jharkhand Party, which was a much more sober organization compared to the Jharkhand Mukti Morcha, has had to suffer splits time and again. And none of the splinter groups, except for the Morcha, could achieve much till today.

Successive undivided Congress and Congress (I) Governments had failed to bring the tribals into the socio-economic and political mainstream of the State, although they did succeed in persuading the leaders of the original Jharkhand Party to join the ruling party in mid-sixties. However, the general tribals, except for a few block-level leaders, never really merged with the ruling party. And by early seventies, a number of breakaway Jharkhand parties had sprung up to reassert their antagonism to the Congress (I). The strongest breakaway group is the

Jharkhand Mukti Morcha. Over the years its leaders, particularly Mr Sibhu Soren, M.P., succeeded in branding themselves as liberators. They often appeared before the poor, hungry tribals as rebels preaching extremism. And the tribals, who had been exploited not only by moneylenders, mining magnets and forest contractors but also by petty tribal politicians, responded to their teachings. The Morcha soon widened its base from Santhal Parganas to Singhbhum. What further improved matters for the Morcha was the

fact that the present State Congress (I) leadership broke its alliance with Mr Soren's party as soon as the 1980 Assembly elections were over. The tribals were given to think that they had been betrayed once again.

Politics apart, the major tribals in Chotanagpur and Santhal Parganas—Orsons, Mundas, Hoos and Santhals—have been reviving their fading institutions rather than taking to the modern life style in spite of the spread of Christianity and industrialization in the area. In many places, including Brambay and Mander in Ranchi district, the Orsons have established "Dhumskuria" huts. The Dhumskuria huts, in ancient times, were used by young boys and girls to confirm their attainment of puberty. The newly-revived Dhumskuria huts are, however, used for educational purposes. At least this what Orson social reformers claim.

Likewise, the Mundas and Hos are reported to have revived the tribal institution of Manki and Parha, respectively. The institutions serve as village councils and attempt to render the administration useless. Santhals and Hoos have also revised some of their institutions and it may not be surprising if some of the magic religious practices reappear all over the tribal areas.

Observers here believe that the attempt to revive their ancient institutions by tribals has political overtones. They are, in fact, trying to isolate themselves from others in all possible ways, the observers say.

IMF LOAN TERMS PRESENT PROBLEMS FOR INDIA

Calcutta THE STATESMAN in English 25 Sep 81 p 8

[Commentary by K. Rangachari: "The I.M.F. Loan: Price of Self-Reliance"]

[Text]

THE report that the United States will ask some very inconvenient questions about India's economic performance in the context of the IMF's consideration of a loan of SDR 5 billion contradicts Mr Venkataraman's claim that India's credit-rating is high enough to exempt it from the more onerous conditionality obligations required by the Fund. There is already much criticism of the fund "blinking its eye" in respect of the \$1,500 million loan to Pakistan by the exponents of the new economic philosophy of the Reagan Administration. American insistence on more strict terms for lending to developing countries is likely to get further substantial support from other major industrial nations like the U.K., Japan, and West Germany to create a situation which the Fund cannot ignore. In fact, this kind of pressure can only strengthen the Fund's own inclination to be tough with borrowers who have complicated their problems by neglect and mismanagement of their economy.

The Managing Director of the IMF, Mr J. de Larosiere, expressed this view at a Salzburg seminar last month. "Economic development", he said, "has never been brought about easily through for example, expanding consumption and running up the money supply. Any such approach to economic development is bound to fail and lead only to inflation rather than growth". There have been numerous other occasions in recent months for the Fund to reiterate the importance of economic discipline in

terms of strict monetary and fiscal policies. Such advice is unexceptionable. There are many critics of our planning and economic policies who have felt that the authorities have remained impervious to counsels of moderation in their pursuit of inflationary financing methods and undue concentration of our resources on long-gestation heavy industrial projects. On the present occasion, however, in view of the very large amount of credit involved, the Fund is likely to be even more exacting in its demands and seek much wider policy changes.

ADJUSTMENTS

The various other conditions will probably include providing greater access for foreign private capital investments in this country than is now possible (which in effect may mean a wider opening for multinationals), stricter adherence to the rule of avoidance of import controls for balance of payments reasons, and offering freer play for market forces by removing the rigidities imposed by price and production controls. These adjustments have to be undertaken within a longer time frame than in the past. The forms prescribed for the Fund's stand-by extended arrangements specifically provide that the borrowing member will not make use of a loan until it has fulfilled its undertakings of performance drawn up in quantitative terms and also avoids restrictions on payments or multiple currency practices (which India has always avoided) and also refrains from bilateral

payments agreements and import restrictions. The World Bank which has hitherto remained aloof from the fund's operations will in future act as a coordinator and its ally in the enforcement of the adjustment process among member countries.

This major change in the outlook for and terms of economic aid for developing countries, which will affect India in a particularly adverse manner has come about just when this country was slowly conditioning itself to the idea of subordinating its once-cherished objective of self-reliance to rapid economic growth. In the early years of planning, the distrust of foreign aid with strings was so great that our leaders remained unreconciled to the acceptance of aid until well after the Second Five-Year Plan had begun. This distrust gradually disappeared with the wise initiatives taken by the World Bank and the positive attitudes adopted by the donor nations towards the problems of the developing world. Now all has changed. The North-South dialogue is a non-starter and the Cancun meet next month may help its participants to know each other but is unlikely to contribute to a greater understanding of the global economic responsibilities of the two sides.

In the sixties, net foreign aid amounted to over 30 per cent of plan expenditure and had helped to finance over 37 per cent of imports; in the seventies these figures had come down to 11 per cent of plan outlay and 18 per cent of imports in the Fourth Plan and further to nine

per cent and 15 per cent respectively in the Fifth Plan. Even though the actual rate of economic growth was not impressive during these periods, the declining percentages of the role of aid indicated above represented the progress made by this country in the manufacture of a wide range of machinery, development of consultancy and project implementation services. Finally, there came at the end of the last decade what seemed like the achievement of near-sufficiency in foodgrains which helped to build up buffer stocks and tide over the severe drought of 1969 without imports. The latest draft of the Sixth Plan pays appropriate homage to this achievement, little suspecting perhaps that this would soon be sacrificed in an attempt to solve deep-seated maladies through the easy resort to massive foreign aid. "The objective of self-reliance" it says, "articulated our desire to ensure a more equal relationship with the world economy and to reduce our vulnerability to international pressures and disturbances. This has been achieved to a substantial extent."

That India will not agree to a devaluation of the rupee as part of its "adjustment" obligations to the Fund should be regarded as the Government's firm commitment to the public. If the question is raised at a future stage, as a necessary condition of further withdrawal of the stand-by or extended credit facilities, the authorities have a choice of refusal, which can be exercised only if the need is not very urgent. But if the various projects for which the additional foreign aid is sought are half-way through and the nation continues to live on substantial imports for current consumption of foodgrains, edible oils, cement or any of the numerous other products for which indigenous capacity exists or can be created, the payments problem is serious enough to give the Government only a Hobson's choice. Since it is quite clear that the IMF credit is not an end in itself but only the means to unlock the door to other loans obtainable from the Euro-currency markets on the strength of the Fund's credit-rating of India, the debt-servicing burden can assume proportions which drastically reduce the borrower's options

PROTECTIONIST

In this context, the Fund's

categorical rule against import restrictions by borrowers, for balance of payments reasons may pose a grave danger to the viability of the borrowing country's economy. This may be a sound textbook principle laid down in the interests of promoting free trade and removing barriers erected by countries on narrow nationalistic ideas or prejudices, but it can spell ruin to a country already in debt and trying to make the best of a bad situation. There is no reason why a country placed in that position should not try to minimize some of its less essential imports or avoid them altogether, particularly when insistence on the rule can have the effect of pushing up the export prices or when the industrial countries suffer from inflation and high wage costs and have necessarily to raise the prices

of their products. Such a condition can only aggravate the steady deterioration in the terms of trade of non-oil developing countries caused by the high and rising oil prices.

There is a great difference between conceding in principle that import restrictions are normally undesirable and should be avoided or imposed as a last resort, and completely surrendering the right to impose such restrictions as part of a national stabilization policy. There is a serious imbalance in the Fund's prescriptions. On the one hand, it is unable to go beyond laying down general precepts and making appeals for liberalization of the protectionist measures of the industrial countries which now shut out the exports of the poor countries on the other, the Fund is ready to exploit a borrowing country's disadvantage to write in the condition that it should maintain its imports even while facing a payments crisis. The Fund does in fact recognize that the protectionist policies of the developed countries affect the exports of the Third World; what justification can there be for insisting that the weaker countries should not take similar steps to protect themselves?

If devaluation has also to be accepted at some stage as a necessary step, there will be an enormous increase in the real burden of servicing and repaying the huge debt to be incurred, without any assurance that this aid will flow into the most productive investments so as to make the debt self-liquidating by raising sufficient surpluses

from them. Nor is there any certainty that exports will get a boost when world trade is stagnant and our own production is limited by severe infrastructural constraints or is inadequate for the needs of a rising population.

PRIORITY SECTORS

Finally, there is little prospect of the Government adhering to its inescapable commitments to the Fund on observance of targets of money supply and credit to the public and private sectors so long as the Sixth Plan outlays remain at the high levels now assumed as feasible. The rate of savings in this country is as high as it can possibly be for a population with a low per capita income and low growth rate. Even so, the Government's borrowing and deficit financing have beaten all past records mainly because of its continuing inability to control public expenditure and raise adequate returns from public sector investments. These difficulties will not vanish when the loan agreement is signed.

The remedies lie in the fields of domestic policy. The Plan has to be revised to make it more realistic and concentrate on the priority sectors like energy and transport, relying on available resources including our foreign exchange earnings and normal aid as before, plus any ready access to the "low conditionality" tranches of IMF credit. Given sound management of the economy, which in any case is necessary as a condition of the massive loan now sought from the IMF, there is every reason to hope that the Indian economy can be pulled out of its stagnation and set on the path of growth. If the Government is obliged to liberate the market forces and encourage private investments both indigenous and foreign, in response to firm directives from or undertakings to the Fund, there can be less difficulty in doing so more selectively on our own initiative and make the mixed economy operate in a less ideological framework than it has so far been allowed to do. Whether the Washington Fund-Bank meetings will make things easier for the Government remains to be seen but there is sufficient justification for saying that the Government should have pondered deeply over all these implications before rushing in to seek this soft option of a massive IMF loan at this juncture.

ONGC PLANS FOR CALCUTTA SURVEYS REPORTED

Calcutta THE STATESMAN in English 25 Sep 81 p 9

[Text]

The Oil and Natural Gas Commission will carry out a seismic survey both in Calcutta proper and in the greater Calcutta area early next year to study whether the sub-surface rock formations are favourable for accumulation and entrapment of hydro-carbon. A new electro-mechanical technique called vibroseis (which does away with the use of explosives) will be used for the survey. This technique will be used for the first time in the eastern and north-eastern region and will not affect life and property in any way.

An official source said in Calcutta on Thursday that if the results of the survey were encouraging exploratory drilling for oil would start immediately in Calcutta. Indian geo-scientists and Soviet consultants to the ONGC are hopeful of the presence of hydro-carbons in the Bengal basin.

The source said that the ONGC had chosen the entire Bengal basin for exploration since the results of drilling at 16 different sites in West Bengal had indicat-

ed the presence of hydro-carbon in the region. The Commission's belief that the basin geo-scientifically is a hydro-carbon bearing region was further strengthened after the drilling in Diamond Harbour where Asia's deepest (5.5 km deep) well was bored a few years ago. The result of the drilling provided some evidence of the presence of hydro-carbons in the region's sub-surface. Similar evidence had been found during the 1950s when the Indo-Soviet carried out exploratory drilling at 10 different sites in West Bengal.

The source said that a seismic survey of the water tracts of the deltaic region of Sundbans had already been completed and the data collected so far were being processed by experts of the ONGC. The Commission has already drawn up a programme of spudding six more wells in the Bengal basin in the next five years. "It is a priority area for oil exploration and we are not going to quit it at least for the next decade", the source added.

CSO: 4220/7121

FOREIGN MONEY REPORTED TO INFLUENCE CONVERSIONS

Madras THE HINDU in English 23 Sep 81 p 1

[Text] New Delhi, Sept 22--Though the recent conversions of Harijans in Tamil Nadu to Islam were mainly the result of the social oppression to which they were subjected, foreign money too played a role, though indirect, according to reports received by the Union Government.

Of the two organisations, the Jamat-E-Islami Hind and the Indian Union Muslim League (IUML), which were active in organising large-scale conversions, the former was known to have connections with Pan-Islamic groups in Muslim countries.

Saudi connection: The Jamat made no secret of its bid to extend the drive for conversion, started at Kuraiyur, to new areas. Earlier this year, its leaders received a representative of the Islamic Cultural Centre, London, known to be financed by Saudi Arabia and arranged his meeting with new converts.

The representative announced a donation for constructing a mosque in a Tamil Nadu village.

IUML's role: The IUML which had been active in Meenakshipuram in Tamil Nadu, planned to arrange the religious training of converts from there at the Ishaatul Islam Centre at Ponnai.

Reports reaching here, spoke of monetary help to the Ishaatul Islam Sabha from Saudi Arabia and more than one country, particularly the Rabita-E-Alam-E-Islami, Mecca for the Malabar Education Society (MES).

While the Sabha, according to this information, provided jobs to converts and supplied sewing machines and cattle for self-employment to the poorer among them, the MES arranged the medical aid.

New Delhi's attention had also been drawn to press reports in West Asia and Pakistan about a massive aid programme, sponsored by some Muslim countries for Indian Muslims.

Survey: The programme was administered by the London Centre which had planned a survey of the conditions of Indian Muslims and reported that the climate for conversion of Harijans to Islam was favourable.

The reports spoke of the unusual interest shown by Pan-Islamic elements in Indian Muslims and referred to a Karachi organisation, called the Motamar Al-Alam-Al-Islami, primarily set up to bolster Pakistan's image in Muslim countries and its proclaimed desire to help Muslim groups in India in accelerating the spread of Islam among Harijans, especially in the south.

Target for conversions: This organisation set a target of 50,000 Harijans to be converted to Islam this year, and 2,00,000 by the end of next year.

The London Centre's plans were more ambitious--to convert eight crore Harijans. Mention was also made of the receipt in India of huge amounts from rich Muslim countries for such activities as construction and renovation of mosques.

The Jamat had reportedly chosen 33 mosques in Tamil Nadu, each of which was to be given Rs 3 lakhs. It was only a channel for the money received from the Mecca organisation through the Indian Council of Mosques, a newly-formed body.

CSO: 4220/7115

AICP LEADER DANGE COMMENTS ON IMF NEGOTIATIONS

New Delhi PATRIOT in English 16 Sep 81 p 4

[Text]

All-India Communist Party general secretary S A Dange has urged the Government to call off negotiations with the International Monetary Fund for a heavy sum of loan.

Mr Dange, who was in the Capital for the AICP's central committee meeting (held in Delhi on Saturday and Sunday), warned that the IMF would dictate politically on India once we accept loan from it.

"We have developed technologically. We have plants capable of manufacturing basic machinery. Why should we go to the IMF for loan? Our policy of self-reliance is sufficiently strong and our technological knowledge has reached a certain stage where, with the help of the socialist countries, which do not impose political dictates on us, we can go ahead without IMF loan," he said on Tuesday.

He felt that Mrs Indira Gandhi should be congratulated for having taken a bold stand on the Griffin issue even at the cost of earning US displeasure.

He said monopoly groups engaged in production of essential commodities should be nationalised.

As president of the All-India Trade Union Congress, Mr Dange has already opposed the promulgation of the Essential Services Maintenance Ordinance.

On the question of Maharashtra Chief Minister A R Antulay's activities, he said Mr Antulay's letter of resignation should be immediately accepted since "he has misused his position as Chief Minister."

As regards the CPI-M, Mr Dange regretted that party was not translating its own programme into action as rapidly as possible.

CSO: 4220/7108

RAJYA SABHA DISCUSSES HARIJAN CONVERSIONS

New Delhi PATRIOT in English 16 Sep 61 p 5

[Text]

SEVERAL members in the Rajya Sabha on Tuesday demanded that the chapter on 'Varan Vayavastha' (caste system) of the 'manu smriti' (code of conduct for the Hindus) should be struck down.

Participating on a calling attention motion on the reported mass conversion of Harijans to Islam in Tamilnadu and other parts of the country, members belonging to all sections expressed serious concern at this trend and blamed the attitude of Caste Hindus towards the vulnerable section of their own brethren as one of the main reasons behind the move.

Notice for the motion was given by Mrs Sathiyavani Muthu (AIADMK) and others.

In his written reply to the motion Home Minister Zail Singh said conversion from one religion to another was not a new phenomenon in the country.

India being a secular state the Constitution guaranteed liberty of faith and worship to all citizens and the right to freely profess, practice and propagate religion provided that the right did not involve upon public order, morality and health.

But anything that might create social tension would naturally cause concern, he said.

Initiating the discussion Mrs Sathiyavani Muthu called upon 'Shankaracharyas' to come forward and reform the Hindu religion. They should amend the 'Manu Smriti' to abolish 'Chatur varn' still prevailing among Hindus, she said.

Referring to the allegation that Gulf money was playing a significant role in these conversions, Mrs Muthu asked: will the Shankaracharyas come forward and distribute the land allotted to temples and help the poor with the gold and diamonds lying in temples?

She urged the Government to take drastic steps to provide equal status to Harijans which alone could stop them from embracing Islam.

Mr Bholu Paswan Shastri (Congress) expressed serious concern at the mass conversion and wanted to know from the Home Minister the immediate reason for it.

Mr Paswan said it was 'Manu's code' and not the Constitution of India that governed the Hindu society in matters of treatment towards Harijans.

He asked the Home Minister to bring security of citizens under the Concurrent List and impose President's rule in States which failed to protect the life and property of Harijans.

Dr Bhai Mahavir (BJP) said the conference organised by the Jamiat-ul-Islami in Hyderabad recently had decided to convert India into a Muslim country. He wanted a thorough inquiry into the use of foreign money, particularly from the Gulf countries.

Mr N P Shani (LD) said that after the murder of Mahatma Gandhi, the Constituent Assembly had resolved that religious bodies would not be allowed to take part in politics. But today, a large number of communal bodies were active and if they were not checked, they would succeed in making the country weaker he said.

Mr Shani said the Prime Minister visited temples which were not allowing entry to Harijans and such temples should be closed by legislation.

REGROUPING, UPSURGE REPORTED AMONG NAXALITES

Calcutta THE STATESMAN in English 22 Sep 81 p 8

[Article by S. Rajappa: "Regrouped Naxalites' Plan To Seize Power"]

[Text]

ONE of the first policy pronouncements of the Marxist-led Left Democratic Front Government in Kerala soon after assuming office in January, 1980 was that it would deal with Naxalites politically and ideologically and not mow them down in the name of "encounters" with the police. Most Naxalites detained without specific charges were freed. The E. K. Nayanar Ministry refused to use the National Security Act or any other preventive detention law against them. They, for their part, kept a low profile, avoided violence and restricted killing to rare cases which won them some sympathy. They concentrated on a "cultural revolution" through the Janakiya Samskarika Vedi (People's Cultural Forum), the off-beat plank of the CPI-ML group led by Mr Venu Gopal, whose main activity was staging street-corner plays to popularize their ideology.

Reunification Meeting

Having gained a certain amount of public sympathy and acceptance, 13 CPI-ML groups of different persuasions held a secret reunification meeting at an undisclosed place in Trichur district earlier this year. Among the participants were Mr A. K. Biswas's Liberation Front, Mr Partha Chaudhury's UCCRI-ML, the United Communist Revolutionary group of U.P., Mr Vijaya Kumar's CPI-ML Reorganization Committee, Maoist Communist Centre, CPI-ML Unity Organization of Mr Govinda, COCCPI-ML of Mr A. K. Ray, Mr Deepak Ray's West Bengal Provincial Committee, CPI-ML, Mr Dhana-sai's Tamil Nadu State Com-

mittee CPI-ML, Mr Satyanarayana Sinha's PCC CPI-ML, Mr S. Satyamurthi's People's War and the M.L. groups led by Mr C. P. Reddy and Mr Vinod Mishra. The Naxalite group led by Mr Kanu Sanyal was conspicuously absent at the meeting in which Mr Venu Gopal of the Central Organizing Committee of the CPI-ML emerged as the leader.

In an attempt to prevent the all-India leadership of the Naxalite movement from passing into the hands of Kerala groups and the movement itself from going the way of the Communists, Mr Kanu Sanyal spent two weeks in Kerala last month, exhorting Naxalites to keep their flag flying. While conceding that the activities of the Janakiya Samskarika Vedi had touched a sympathetic chord among the people, he did not think that it had succeeded in bringing fundamental issues into focus. Naxal-bari, he told CPI-ML groups in Kerala, was the culmination of a series of mass struggles, not the creation of any individual or group. Because some leaders gave a distorted version of the movement, hundreds of revolutionaries had been led astray. His mission was to keep the spirit of Marxism-Leninism alive by bringing all Naxalite groups under the banner of the Organizing Committee of Communist Revolutionaries. Its strategy for revolution would be a combination of legal and illegal methods.

Ultimate Answer

While Mr Sanyal agreed with the unified Naxalite groups in Kerala that "annihilation of class enemies" had no place in Communist revolution, he felt that

armed struggle was the ultimate answer to India's problems. He denied that the OCCR toed the Chinese line. It had only fraternal relations with the Chinese Communist Party. The only group whom Mr Sanyal was able to convince and win over for the OCCR in Kerala was the Bolshevik Party led by Mr K. P. R. Gopalan. This group could not gain entry into the Trichur unity conclave because it was dubbed as pro-Congress (I) by Kerala Naxalites.

The unified groups managed to hold a three-day State plenum in August, eluding the wide net cast by the State police. It was called to take stock of the situation in the light of large-scale police swoons on Naxalites. The Nayanar Ministry had given up its earlier policy of meeting Naxalites on the political plane and had resorted to the almost forgotten Travancore-Cochin Public Security Act, far more stringent than the National Security Act. How panicky the police had become following the recent resurgence of the Naxalite movement could be gauged from its action on Gokulashtami Day in Shertala in "arresting" an idol of Lord Krishna under the Travancore-Cochin Public Security Act. According to Mr O. Rajagopal, the State president of the BJP, the idol was seized by the police when it was taken out in procession by boys. The police mistook them for Naxalites. The idol was kept in the police station for several hours before it was returned.

Renewed Naxalite activities, conducted in the name of the Janakiya Samskarika Veda, have

been causing sleepless nights to police and civil officials apart from those people singled out for its attention. After mounting an open campaign against corruption in the medical profession, the JSV prepared a list of doctors to be tried in "people's courts". The "summons" served on some of the marked doctors were enough to bring about a change in their attitude towards patients. The "charge-sheet" listed their "crimes" of extorting large sums of money from the sick people.

Two incidents at attempted trial by cell courts brought about a marked change in the pursuit of money by medical men. Dr David Joseph, Professor of Urology at the Trivandrum Medical College, who received a "charge-sheet" from the JSV, stopped charging consultation fees from private patients. His "trial" could not take place on the appointed day as he was given police protection. But Dr K. M. George, Professor of Orthopaedic at the Calicut Medical College, was not so lucky. A group of Naxalites paraded him on the streets with a placard proclaiming: "Pardon me for all the wrongs done to the people". He was also compelled to confess his "crimes" before he was rescued by the police. Only after the spotlight was turned on the money-spinning activities of the medical men did the State Health Minister, Mr Vakkom Purushothaman, issued a stern warning that doctors found guilty of corruption would be dealt with stringently.

Acclaimed Action

Another action of the Naxalites which was acclaimed by the public was intercepting a lorry laden with cement under the cover of darkness. The entire consignment was distributed on the spot at the controlled rate, though each bag would have fetched a premium of Rs 60 to Rs 70 in the black market. Surprisingly, the owner of the lorry never lodged a complaint with the police.

The regrouped Naxalites in Kerala under the leadership of Mr Venu Gopal have drawn up a 20-point programme to "seize political power". It was published in their secret organ, Inquilab. It says that the basic objective of the Indian revolution is to topple the reign of "feudalism, bureaucratic overlordism and imperialism". The main form of struggle would be "guerrilla warfare". The crux of the party's political line is to establish "people's power" in an era of new democratic revolution. The party has succeeded in building a relatively good mass base in many parts of Kerala, but fears that it might degenerate into a "revisionist base" if it is not used to build up political power, the Inquilab article said.

The first step towards establishing people's power, according to the article, was to enable them to solve problems without depending on the existing legal system and instruments of the Government. Setting up people's courts, which has gained currency in the State, was intended to resolve the contradictions among the people. But the ultimate goal was armed struggle to eliminate "class enemies".

WORLD BANK AID TO RAILWAYS 'HAS STRINGS'

Madras THE HINDU in English 23 Sep 81 p 9

[Text] New Delhi, Sept 22. The Railway and Finance Ministries have been told by the World Bank that negotiations for the \$700-million (about Rs 665 crores) loan which the former is seeking could commence only if the railways obtain an already tried and proven foreign system for the computerisation of its freight operations.

The bank has also said that the railways should avoid going in for indigenous production of a computer system.

Development of a totally indigenous system, "if at all possible," will delay the completion of computerisation by four or five years, and the loss to the railways from continued inefficient operation would be enormous, the World Bank has argued.

The Bank has not specifically expressed a preference for computers made by the International Business Machines (IBM), but its emphasis on the adoption of "an existing system with a proven record of successful operation," makes its intentions clear.

Railway Board's Hand Forced

The bank wrote to the Union Finance Ministry recently stating quite bluntly what it expects from the railways before it can agree to negotiations for the credit.

Licences and approvals for importing the necessary computer hardware and software for introduction of a real-time operating information system for freight operations control should be ready.

For the second instalment of credit for railway electrification, the bank expects the selection of proven equipment for import well under way and the implementation programme launched.

The World Bank's stand may well put an end to the vacillation of the Railway Board. The board has already come to the conclusion that medium and large size computer hardware with associated systems software will have to be imported for the computerisation project.

As for the development of what is known as "applications software," which is crucial, the Board has been considering whether a proven system should be acquired and modified with maximum indigenous effort or a new, indigenous system developed.

The latter course may be costlier and take much longer, and moreover adequate expertise may not be available in the country.

The Board feels that a decision whether import of a complete package operating information or only a part of the system would be necessary can be taken only on evaluation of the systems in vogue in foreign railways in relation to the needs of the Indian railways as well as the technology available.

But the World Bank has made it clear that it favours outright imports.

A task force set up by the railways had estimated that a computerisation programme known as the "total operations processing system" could be implemented within seven to eight years at a cost of Rs 210 crores.

The programme would require hardware for wagon control system (Rs 60 crores), hardware for passenger reservation system (Rs 32 crores), software development, including consultancy for wagon control and passenger reservation systems (Rs 6.5 crores), training (Rs 3.5 crores), buildings and other infrastructural facilities (Rs 8 crores) and development communications (Rs 100 crores).

The team had visited the U.S., Canada and the U.K. and recommended for adoption the system in operation in these three countries. It was initially introduced on the Southern Pacific Railroads, U.S., and was subsequently adopted by the British Railways with some modifications.

A high-level inter-ministerial working group which reviewed the report of the task force decided that a detailed study should be undertaken on the Northern Railway jointly with the Department of Electronics (DOE), the Electronics Corporation of India (ECIL) and the Computer Maintenance Corporation (CMC) to lay down the systems objectives and define the user requirements.

When this task is completed, a joint team of the railways, DOE and ECIL will go abroad to study some of the proven foreign systems and evaluate the possibility of their adoption in India.

It would also study the technology to give additional information and operations to the railways.

Project Study

Simultaneously a pilot project study will be undertaken on the Northern Railway jointly with DOE, ECIL and CMC on the systems design and engineering covering both computers and communication segments.

These decisions are now being implemented.

A project group has been set up in the Northern Railway to identify the information needed at different levels of management for monitoring freight operations and to lay down the systems objectives.

The National Information Centre and the Tata Institute of Fundamental Research will provide any additional assistance that is required for studies on systems design and engineering.

All these studies are expected to be completed by the year-end and further decisions will then be taken in consultation with the Ministries concerned.

World Bank Mission

A World Bank mission which visited India earlier this year appraised a plant in Patiala being set up to rebuild diesel electric locomotives and manufacture subassemblies and components.

It also studied the railway electrification project under which 11 sections totaling about 3,400 route-km are to be taken up.

Yet another project which it appraised was the one for the import of critical components such as wheels, axles, locomotive spares and assemblies, and components for the manufacture of high-capacity wagons.

CSO: 4220/7115

RISE IN EXPORT OF ENGINEERING PRODUCTS TOLD

Calcutta THE STATESMAN in English 23 Sep 81 p 15

[Text] The prices of selected engineering shares are holding well because of the industry's good export performance. Exports of engineering goods during the first four months of the current year increased by 18% over those of the corresponding period last year. Total exports during April-July have risen to Rs 248 crores, from Rs 211 crores during the same period a year ago.

Exports of capital goods have increased to Rs 92 crores from Rs 78 crores and those of consumer durables to Rs 105.50 crores from Rs 81 crores. But, exports of iron and steel-based items have dropped to Rs 44.50 crores from Rs 46.15 crores. The fall is presumably due to the restrictions imposed on exports of steel tubes, pipes, bars and rods. It is said that the shortage of pig iron has also been responsible for the decline in exports of several items.

Spokesmen of the industry are of the opinion that the export thrust will be given a fillip if the prevailing constraints are effectively tackled. Export of consumer durables is stated to be affected by shortage of finance because overseas buyers are inclined to buy on the basis of extended credit. The lack of adequate shipping constitutes a major bottleneck. Indian exporters should therefore be provided with proper shipping facilities, with concessional freight rates. The decision of the Centre to set up an export and import bank is welcome. Such an institution will help finance foreign trade.

The latest survey of the working of top 100 engineering companies in India made by the Association of Indian Engineering Industry has been happily received by investors. Total sales of the 100 companies recorded an increase of 17.1% in 1979-80 over the previous year. The total turnover amounted to Rs 6,680 crores in 1979-80, compared to Rs 5,713 crores during 1978-79. The total value of production also rose from Rs 5,728 crores to Rs 6,723 crores. Out of the 100 companies, 92 units earned profits during 1979-80. Informed sources are of the view that the trend has been continuing, though operational costs are being pushed up by inflation.

CSO: 4220/7114

TRANSNATIONAL ROLE IN EXPORT SECTOR DISCUSSED

Madras THE HINDU in English 22 Sep 81 p 19

[Article by Dr G. Balachandran, development correspondent: "Challenges on the Export Front--3"]

[Text] With the research and development effort yet to get off the ground, Indian industry, particularly in the area of engineering, relies solely on foreign technology. Conventional wisdom does not seem quite alive to dominance of foreign technology in engineering exports and to the implications of such dependence. Nor is there the realisation that a long-term export strategy that can be called reliable should be built on the basis of product development within the country, argues our development correspondent.

Shining in borrowed feathers — for how long?

Although the dominant presence of foreign capital and technology in the exports of the so-called successful exporting developing countries such as South Korea, Brazil, Taiwan and so on have been extensively studied and analysed, there are surprisingly very few studies on the role of transnationals and foreign collaboration in the Indian economy and/or in the Indian exports.

It is often believed, in both official and non-official circles, that foreign subsidiaries play a minor role in Indian exports as compared to elsewhere in the developing world. This is held true not only in the case of exports as a whole but more important that exports by such dominantly foreign held companies have not yet reached a significant proportion not only in India's total exports but also in the product-wise or industry-wise exports from India in which these companies are operating.

A recent study by the Indian Institute of Foreign Trade on the 'Role of Transnational Corporations in India's Exports' concluded that 'the share of these subsidiaries in total exports of manufacture is not very high' and 'the performance of subsidiaries in the new technology intensive manufactures is not impressive'.

A careful study shows the position to be the reverse. The presence of foreign elements either as capital or technology is overwhelming in Indian engineering exports and especially in the export of sophisticated items under the section Machinery and Transport Equipment (M & TE). Why then the discrepancy between the conclusion of others and the one offered here? There are many reasons.

Subsidiary

First, the Indian definition of a subsidiary is a very narrow one. Thus, a subsidiary of a multi-national corporation (MNC) refers to a company incorporated in India more than half the nominal value of whose equity share is held by a single foreign body in corporate.

Accordingly, a company in which the majority equity is held abroad by two or more parties, jointly but where no single share-holder has a clear

majority, is not classified as a foreign subsidiary. In addition, subsidiaries of foreign subsidiaries, even when wholly owned, are not listed as foreign subsidiaries. One survey has identified 19 such subsidiaries.

Secondly, as a result of the Foreign Exchange Regulation Act, it became obligatory for a number of subsidiaries to dilute their equity and during the past few years, the number of foreign subsidiaries has shown a steady decline from 183 in 74/75 to 125 in 78/79.

However, it has been argued often — and quite convincingly — that control may be exercised with less than 50 per cent share and indeed even with less than 40 per cent, although then the company would be classified as an Indian company as per the legal definition.

As Prof. Goyal has pointed out, 'the reported reduction in the number by itself is more of a legal and technical character and is not suggestive of any decline in the importance of foreign capital in Indian economy'.

IFT study

Thirdly, almost all the studies that have looked into the performance of MNCs in India's exports have been working with a small sample only. This has some serious limitations, mainly

the exclusion of major exporters from the study. The IFT study for example has no West German subsidiary in its sample although firms with W German connection happen to be some of the biggest exporters of engineering goods from India.

Here the following approach is used. The type of companies that are considered are:

(i) Foreign subsidiaries according to the Companies Act. They numbered 171 during 1976-77.

(ii) Foreign controlled rupee companies according to the Balance of Payments Division of the Reserve Bank. As on March 1980 they numbered 530. Their number would certainly not have been smaller during 1976-77.

(iii) Indian companies having minority foreign equity participation but no foreign control.

(iv) Indian companies having only technical collaboration with foreign companies.

There are sound reasons for separating companies falling under categories (ii) and (iv) above, the main reason being the results of an earlier study conducted by the Indo-German Chamber of Commerce on the exports of Indo-German collaboration which showed that "joint ventures (financial cum technical collaboration) are of advantage to the Indian export markets. They prove more successful in reaching a breakthrough in exports than mere technical collaboration without foreign financial participation."

Secondly, only engineering exports are considered. The data for individual company exports types of products exported etc. were obtained from various issues of (a) Export Performance of Engineering Exporters and (b) Handbook of Export Statistics published by the Engineering Export Promotion Council.

Finally, both engineering exports in general and exports of Machinery and Transport Equipment in particular are considered. During the 80s the emphasis is on engineering exports and in particular on the growth of exports of the Machinery and Transport Equipment sector.

During 1976-77 the position regarding engineering exports was as shown in Table 1.

Foreign dominance

Even these figures are likely to understate the importance of dependence of foreign collaboration for these reasons:

(1) the list of foreign controlled rupee companies used in the above calculations referred to March 1980. Their number was likely to be much higher during the period under consideration. The same qualification applies to the list of companies classified under joint ventures.

(2) the list of companies having technical collaboration only which was available was not an exhaustive one.

(3) the exports of individual companies were as given in the Export Performance of Engineering Exporters published by EEPIC. The 2069 companies listed in the volume for 1975-78 — 1977-78 account for only 93 per cent of all the engineering exports during 1976-77.

Notwithstanding these limitations, what the figures in Table 1 point to however is the very high degree of dependence of Indian engineering exports on some sort of foreign collaboration. It is only in low-technology areas, such as bicycles and parts, oil lamps and stoves, Public Address equipment and so on, that there is no foreign collaboration.

Another feature of foreign dominance of Indian engineering exports becomes apparent when exports of technology-intensive items — Machinery and Transport Equipment — to the developed countries are considered. More than 72 per cent of the exports of MTE items to the OECD countries are done by companies having foreign financial and/or technical collaboration, including subsidiaries and foreign controlled rupee companies.

It will be clear from the above analysis that India's dependence on foreign collaboration is as high as it is in the case of some other developing countries which also have export promotion as one of the main pillars of their economic policy.

Implications

The type of dependence may be slightly different in India's case: joint ventures and technical collaboration are predominant here, while in the case

of others direct exports by MNCs is a strong feature — but there can be no doubt about the level of dependence. This conclusion is in sharp contrast to the view put out that the Indian engineering exports are freer from foreign domination in contrast to those of other developing countries.

What are the implications of this sort of dependence for the country's future?

First, it has been shown by studies conducted elsewhere that the age of technology transferred from developed countries to the developing countries increases progressively as the type of collaboration changes from a direct subsidiary to a joint venture to pure technical collaboration. The products transferred to the developing countries, including India, are usually at the tail-end of their product cycle.

Such technologies are characterised by a high degree of standardisation, heavy competition and very low profit rates. Since wages form a major part of production during the last phase of the product cycle the products are usually licensed in a number of developing countries and price competition among these countries — to their individual and collective detriment — is a characteristic of their export policies.

South Korea is the prime example here, and the long term results are quite negative. As a recent study of the South-Korean export performance, done by the Korea Exchange Bank, concluded: "The continuing tendency to equate export competitiveness with undercutting rivals' prices, regardless of quality, may have derived in part from the annual target orientation of economic planning."

In striving to meet the Government's export volume targets, companies possibly gave less attention than they should have to long-term product development or the profitability of each export unit.

The excessive dependence of Korean firms on low prices as their primary means of securing overseas sales was also partly responsible for the need to devalue the won currency's exchange rate on January 12, 1980 and to float it downwards by a total of 36.3 per cent against the U.S. dollar in the course of the year.

Low prices

Low prices as a primary means of securing overseas sales has been a feature of Indian engineering exports also. When the price indices of manufactured goods exported by the developed countries rose from 100 in 1973 to 134 in the first quarter of 1979, the unit value of exports of machinery and transport equipment rose from 180 in 1975-78 (1966-69 = 100) to only 186 in 1978-79, an increase of less than four per cent. In contrast, during the same period the unit value of imports of M & TE into India rose by more than 25 per cent.

TABLE 1

Engineering Exports during 1975-78 and 1978-79 by type of companies and their growth rate

	(values in Rs. lakhs)		
	1975-78	1978-79	Average annual growth rate
All engineering exports	40821.87	71693.12	20.7%
Public sector exports	5104.11	23413.31	66.2%
Private sector exports	35717.76	48279.81	10.6%
Of which companies:			
with financial collaboration	9941.18	14642.11	13.8%
with technical collaboration	8074.65	10849.23	10.3%
without any collaboration	17701.93	22788.47	8.8%

import of foreign technology invariably implies imports of raw materials and components. There are a number of reasons for this not all sinister. The introduction of new — at least by Indian standards — technologies invariably means the usage of new materials and components which are not usually produced in India. Therefore, while local capacity to produce these are being developed or local substitutes searched for it is necessary to import these raw materials and equipment.

With the severe restrictions imposed by foreign exchange regulations and royalty rates allowed in collaborations, the foreign partners cannot hope to make substantial profits out of their operations in India through these channels. The mechanism of transfer pricing may be used to extract profits from India.

Common feature

Whatever be the reason, high degree of imports as a percentage of total consumption of raw materials and components is a common feature in case of companies involved in the Machinery and Transport Equipment sector imports as a percentage of total consumption of raw materials and components in the case of some major exporters of engineering goods are BHEL (64 per cent) HMT (52 per cent) L & T (45 per cent) Indian Cable Co. (51 per cent) MICO (27 per cent) PEICO (26 per cent) and so on. Therefore any attempt to push exports of engineering goods through new collaboration arrangements would result in higher import bills and consequently may not result in substantial foreign exchange gain.

Foreign collaboration usually imposes certain restrictive clauses relating to exports of goods to various third countries. The First Survey on foreign collaboration (by the Reserve Bank of India) showed that for 1960-64 more than 50 per cent of the agreements had restrictive clauses out of which 90 per cent related to exports. The second survey for 1964-70 revealed restrictive clauses in 60 per cent of the agreements and export constraints in 76 per cent of the clauses.

The question is, should not the long-term strategy for the export of engineering goods begin to be based on independent product development within the country itself? The picture today is that there are very few instances of Indian manufacturers having entered into a collaboration with a foreign company and then gone on to modify and develop new products on their own steam or innovative capacity. More often than not, the collaboration is renewed or new collaborators are lined up. Product development within the

country is essential if it is to establish itself as a major technological centre that can make products for both exports and domestic consumption.

There are no signs yet of this realisation dawning on the Government or on industry.

Public sector's showing

A striking feature about engineering exports has been the increasingly important role of public sector companies in the field. Their growth has been nothing short of phenomenal if the figures for engineering exports in general and those of M & TE, in particular, are analysed, there is evidence to suggest a distinct pattern as explained below.

Table 1 gives the value of engineering exports during 1975-76 and 1978-79 by type of companies.

Table 2 gives similar data for exports of M & TE during these two years.

The performance can be grouped under three cases:

- (i) Public sector companies
- (ii) Companies with some collaboration
- (iii) Companies without any collaboration

The performance of private sector companies without any collaboration is seen to be very weak compared to the others. This trend is even more pronounced when exports of M & TE only are considered.

The implications of these figures are very disturbing. It is very unlikely that the public sector companies will be able to sustain the sort of growth rates they had exhibited between 1975-76 — 78-79. Their exceptionally good performance was due to the construction projects which they won in West Asia and other oil-rich countries. In the exports of M & TE, exports by BHEL

to Libya and BEL to Switzerland played the major role. Such exports are unlikely to be repeated in increasing values throughout the 80s.

Direction of engineering exports

By and large engineering exports have shown very little consistency in terms of growth as regards either the commodities that are exported or the destinations to which they are exported. This is especially true of the period since the late '60s. Certain features are obvious from an analysis of whatever data that is available.

Trade with East Europe

Exports of engineering goods to Eastern Europe have remained more or less constant since 1975-76 and their share in Indian engineering exports as a whole have been declining steadily since the early '70s — from a high 13.9 per cent during 1972-73 to 6.5 per cent during 1978-79.

At the same time the share of engineering exports going to the USSR as a percentage of exports to East Europe has been showing a spectacular growth since the late '60s, rising from 10.1 per cent in 1969-70 to more than 60 per cent in 1978-79. Moreover the exports are concentrated in a few items — the top two storage batteries and wires and cables account for more than 65 per cent.

The only other country in East Europe which has been a steady importer of Indian engineering goods has been Yugoslavia. The others which used to be major importers of Indian engineering goods have gradually lost their importance and are only marginal importers.

Trade with rich countries

One of the most striking features

TABLE 2
Exports of Machinery & Transport equipment by type of companies and their growth between 1975-76 and 1978-79

	1975-76	1978-79	(Rs lakhs)
			Average annual rate of growth
Total exports	27700.00	43777.3	18.5%
Public sector exports	2025.69	11930.89	80.6%
Private sector exports	25674.31	31846.41	7.4%
Of which companies with financial collaboration	7389.93	11032.14	14.3%
with technical collaboration only	5981.04	9202.99	15.4%
with no collaboration	12303.34	11611.28	-1.9%

Indian engineering exports is the virtual absence of Japan as an importer, though in terms of all Indian exports Japan is a major importer of Indian goods. There does not seem to be any long-term strategy to increase our exports to Japan even though it happens to be one of the major importers of engineering goods in the world.

Although the trade pattern naturally varies from country to country, there are some clear features in India's exports of engineering goods to the members of the Organisation for Economic Co-operation and Development. Thus, the share of Machinery and Transport Equipment (M & TE) in the exports of engineering goods to OECD is less than its share in the total exports of engineering goods from India. In this case, there is another factor that is also to be noted.

Although the share of M & TE in exports to OECD is about 40 per cent, the share of M & TE in the exports of engineering goods to the U.S. — the largest importer of Indian engineering goods — is less than 20 per cent. The share of M & TE in the total exports of Indian engineering goods is usually of the order of 55-60 per cent.

With the exception of the UK, exports of engineering goods are typically concentrated in two or three items. In fact, the share of hand, small and cutting tools, and diesel and auto parts in Indian engineering exports to West Europe, outside UK, is well above 50 per cent. If engineering exports to all members of OECD are considered, then the top five or six items account for about 60 per cent.

There is a high degree of foreign participation in the export items under the M & TE section to OECD. More than 70 per cent of M & TE exports to OECD is done by companies with foreign collaboration.

Components and parts

A high proportion of exports of M & TE items to OECD consists of components and parts — not complete items. For example, exports of diesel, auto and bicycle parts alone constitute more than 40 per cent.

Just as in the case of exports to East Europe, exports to West Europe are concentrated in a few countries. In West Europe, France, West Germany, the UK, and Holland account for more than 50 per cent of the engineering exports.

With the exception of the UK, which has a diversified pattern of imports of engineering goods from India, exports to the other countries are concentrated either in components and parts or items which require a very low level of technology.

Exports to the U.S. — the biggest importer of engineering goods from India — is concentrated in very simple

items, such as man-hole covers, bolts and nuts, wood screws, M.S. pipes and tubes and hand tools. These account for well over 60 per cent of engineering exports to the U.S.

The dominant features of engineering exports to OECD consist, thus, either of low-skill items or components and parts, and when exports of any higher technology items are involved, a high degree of foreign collaboration.

Significant shifts

The major importers of engineering goods from India are the developing countries of Asia and Africa — Central and South American countries have very little trade. However, there have been some significant shifts in the countries to which these goods have been exported. The main reason for such changes has been the increase in oil prices in 1974.

Indian engineering exports increased substantially to two different types of countries. First, to the oil-rich West Asian countries rather than the members of OPEC. After the oil price rise, Indian exports to these countries, with the exception of Algeria, rose quite dramatically.

The second group of countries to which Indian engineering exports grew at a rapid pace since 1973-74 was to some of the non-oil developing countries which were faced with severe foreign exchange constraints.

For example, six countries — Bangladesh, Burma, Sri Lanka, Egypt, Kenya and Tanzania — increased their share in Indian engineering exports from 13.6 per cent in 1974-75 to 19.6 per cent in 1978-79 — showing an annual rate of increase of about 40 per cent compared with the average increase of only about 20 per cent of all Indian engineering exports.

However, there was a qualitative difference in the type of engineering goods that went to these two groups. The engineering exports to the oil countries consisted mainly of manufactures of ferrous and non-ferrous metals, such as M.S. pipes and tubes, iron and steel castings, whereas exports to the latter were mainly items in M & TE sector.

Exports to the OPEC countries, while very high, have not shown a very dramatic increase since 1974-75. As a matter of fact, exports to these countries showed a less than average rate of growth between 1974-75 and 1978-79.

Targets, strategy and prospects

The high-power Tandon Committee on exports in its report submitted last year had projected an export target of Rs. 18,000 crores by 1990-91. During 1980-81, Indian exports totalled Rs.

6,578.41 crores. The target then calls for an average rate of growth of exports of 10.6 per cent during the 80's. The exports of Indian goods grew at an average rate of 15.7 per cent during the 70's.

EEPC had projected a target for engineering goods exports worth Rs. 10,000 crores by 1990-91. These exports amounted to Rs. 900 crores in 1980-81 — implying an average rate of growth of 27.2 per cent during the 80's.

In 1970-71, engineering exports amounted to Rs. 116 crores. The average rate of growth of engineering exports during the 70's was, therefore, 22.8 per cent. As a result of the much higher rate of growth of engineering exports, their share in the total exports from India is expected to increase from 13.2 per cent during 1978-79 to more than 55 per cent by 1980-81.

EEPC's targets

Within engineering exports also, the EEPC's targets call for a sharp change in the composition of the commodities that are exported. Exports of capital goods and turnkey projects, which contributed about 35 per cent of engineering exports, are expected to increase their share to 50 per cent and exports of Machinery and Transport equipment items are expected to increase from about 60 per cent of engineering exports to more than 75 per cent.

How were the targets for the engineering exports arrived at? These were estimated to touch Rs. 1,000 crores by 1980-81, the actual figure was about Rs. 900 crores — and by projecting an average rate of growth of 25 per cent during the 80's, a figure of Rs. 9,300 crores, approximately Rs. 10,000 crores, was reached for 1990-91. The 25 per cent growth rate was assumed to be accounted for by a 10 per cent increase in prices and a 15 per cent increase in the volume of exports.

Basis for projections

Apart from this very elementary arithmetic operation, not much thought and analysis seem to have been the basis for the projections for the 80's.

Having assumed an average rate of 25 per cent, it is only a simple matter to translate this into annual targets and then fix for each year targets for individual countries. In fact, EEPC has such an 'Export target of Indian Engineering goods for the year 1980-81' to 1984-85, detailing targets for 135 countries and 45 items. Notwithstanding this impressive yet the most outstanding feature about Indian export promotion is the lack of professionalism exhibited both by the industry and the Government.

There is hardly any area studies programme conducted either by academic institutes or elsewhere funded by either the Government or the industry, which looks at the economics of the major trading partners of India and examines how the growth or recession

in their economies affects Indian trade with them.

Isolated studies

There are again hardly any economic studies of the major aspects which influence Indian trade with other countries. For example, how do exports of different commodities and goods affect Indian imports? Specifically, what are the coefficients for induced imports to India as exports increase?

Obviously such studies are important from the point of view of balance of payments analysis. What are Indian export import quantity elasticities with respect to income, price factor and domestic supply condition? There are some isolated studies here, but few which have been integrated into a consistent policy.

There are few analytical and rigorous examination of the past and current export performances. For example, even some of the common beliefs about the relative (non) importance of foreign collaborations in Indian exports are often wrong or very limited in their scope. As a result, future plans seem to be decided upon quite unrelated to past experiences.

Rate of growth

What are the prospects of achieving the various targets? The target rate of an average 10.6 per cent growth during the 80's based on past history should not appear to be much of a problem. The rate was certainly much higher during the 70's — the average rate being 15.7 per cent. Even if the abnormally high rate of growth during 1973-74-75 is discounted, the average rate of growth of Indian exports turns out to be around 12 per cent. Moreover, the average rate of increase in the index unit price of exports was also 8.9 per cent during the period 1968-69-78-79, not a bad performance.

However, as has been explained earlier, the growth of Indian exports is predicated on a much superior performance by the engineering goods export sector — the projected rate being an average rate of growth of about 27.2 per cent during the 80's.

Spectacular

At first sight, this should not appear to be an impossible task considering the fact the engineering exports rose at an average annual rate of 22.8 per cent during the 70's. As a matter of fact, between 1956-57 — the year EEPG was formed — and 1980-81, the average rate of growth of engineering exports has been 25.5 per cent.

It is only when the figures are looked at closely that one comes across problems. In these 24 years, the growth in engineering exports had exceeded 25 per cent only 10 times. This spectacular growth has been due to two factors.

First, the devaluation of the rupee in 1966-67. Between 1966-67 and 1968-69, engineering exports grew at an average rate of 65.8 per cent.

Two, the increase in engineering exports during 1974-75 — when it increased by 30.4 per cent over 1973-74 — after the oil crisis.

On the other hand, during the remaining periods the average rate of growth has been much lower. Between 1956-57 and 1966-67, it was 19.5 per cent; between 1968-69 and 1973-74, it was 18.0 per cent and between 1974-75 and 1980-81, it was 22.8 per cent.

It is quite unlikely that such severe shocks as devaluation and another oil crisis would occur during the 80's. Indeed, considering the very adverse effects these two events had on India's economy and balance of payments, there is very little chance of anybody even contemplating such events in the future as positive steps for encouraging Indian exports.

M & TE exports

Moreover, increases in engineering exports are expected to come about due to growth in the exports of Machinery and Transport Equipment.

During the 80's, exports of M&TE are required to grow at an average rate of 29.4 per cent. During the 70's, exports of M&TE grew only at an average rate of 22.1 per cent. As before, if we consider separately the period between 1966-67 and 1968-69 — immediately after the rupee devaluation, when the exports of M&TE grew at an average rate of 64.0 per cent — and the year 1974-75 — after the oil price increase and consequent price increase generally throughout world exports, when exports of M&TE increased by 36.1 per cent — the picture is much brighter.

During 1956-57—1966-67, the average rate of growth was only 17.9 per cent. Between 1968-69 and 1973-74, it was 20.6 per cent and between 1974-75 and 1980-81, it was only 17.7 per cent. An average rate of growth of only 20 per cent instead of 30 per cent implies a shortfall in the exports of M&TE of about 55 per cent.

Another disturbing feature about the targets is the assumption that the index of unit price of exports would grow at an average rate of 10 per cent. As a matter of fact, during the decade 1968-69—1978-79, the index of unit value of exports of M&TE increased from a base of 100 in 1968-69 to only 186 during 1978-79, an average rate of growth of 6.4 per cent.

Even this was possible only due to an abnormal increase in prices during 1975-76 — an increase of 44.0 per cent over 74-75. During the remaining period, the average rate of growth in the price index of exports of M&TE has been only 2.9 per cent.

For comparison with the performance of exports of M&TE from the developed countries, the price index of M&TE

exports increased from 100 during 1975 to 134 during the first quarter of 1979. In contrast, the price index of M&TE exports from India increased from 180 in 1975-76 (Base 1968-69 = 100) to only 186 in 1978-79, an increase of less than four per cent. During the same period, the unit value of imports of M&TE into India increased from 210 in 1975-76 (Base 1968-69 = 100) to 264 in 1978-79, an increase of 25.7 per cent.

Capital goods exports

The strategy to realise the export targets relies mainly on the export of capital goods and projects, and remaining items under the M&TE section. The export of capital goods and projects restricted mainly to the developing countries is sought to be increased through sub-contracting agreements with prime contractors from the developed countries in Europe and the US.

Both EEPG and the government have actively encouraged Indian contractors to tie up with foreign parties. The exports of M&TE are expected to grow at the desired high rates mainly through the induction of new technology and the licensing of production of labour-intensive and/or obsolete technologies of the west.

Within this broad framework, specific actions are usually suggested by various organisations and individuals, such as the Government ensuring adequate availability of inputs like power, coal and oil, simplification of procedures in implementing duty exemption schemes, licensing of 100 per cent export-oriented units not subject to MRTP rules etc., relaxation of rules governing foreign collaboration and so on.

Project contracts

Almost all of the contracts for projects that have been won by Indian companies relate to civil construction projects in the oil-rich countries of West Asia. In late 1980, for example, Indian companies had in four countries alone — Iraq, Libya, Saudi Arabia and Africa — about 130 contracts accounting for a value of over \$2,600 millions or more than Rs. 2,000 crores.

However, most of Indian contracts for civil construction projects — as in most other sub-contracts also — tend to be service contracts rather than export of material and equipment from India. During the four years from 1974-75 to 1978-79, exports of engineering goods from India to the above countries amounted to only about Rs. 307 crores.

In addition, engineering exports to West Asia have not been maintaining the rate of growth they had shown between 1973-74 and 1978-77. As a matter of fact, they fell by 4.15 per cent during 1977-78 as compared to

the previous year and by a further 11.43 per cent during 1978-79 and a further decline during 1979-80.

It is certainly possible that exports to West Asia which were the major component of the increase in exports from 1973-74 to 1976-77 could again pick up, but such projections have a high degree of uncertainty.

Service agencies

Moreover, the character of the new projects coming up in West Asia has also been changing. Most of these projects have been capital and energy intensive, such as oil-refining, petrochemicals and fertilizers which are also export-oriented.

In these projects the scope for Indian sub-contractors to offer their services is very limited, nothing more than acting as service agencies providing labour. Certainly there is very little possibility of India providing either the capital—being itself a seeker of foreign capital—or energy-efficient technologies.

Moreover even in respect of materials and machines that go into these projects, India has been a major importer of such equipment from the developed countries. For instance in the case of fertilizer plants, the level of indigenisation in India is of the order of 40 per cent or less. The same holds true of other modern technologies. It is certainly possible that India may serve as a source for the supply of common ferrous and non-ferrous items like M.S. pipes and tubes, castings and so on, but such items do not allow high margins of profit.

Another route through which India's export of engineering goods is sought to be stepped up is by entering spheres of production that the developed world has given up due either to limitations created by the labour intensiveness of the processes involved or to the obsolescence of the technology.

Short-term tactic

While it is a tactic useful essentially in the short run, a long-term export strategy cannot be based on it. Such processes or technologies are likely to be at the final stage of their product cycle. These products are likely to be licensed for production in a number of developing countries as a part of a worldwide exploitation attempt, and it is improbable that the output from any one source would form a critical element in the production or consumption pattern of the collaborator.

Under such circumstances, the suggestion by Mr. L. K. Jha, Chairman of Economic Administration Reform Commission at the workshop on Indo-US Trade and Industrial Co-operation that India should specialise in the production of components for assembly in the U.S. with significant American input of capital and foreign exchange components in order to circumvent U.S. non-

tariff barriers because any restrictions on the imports of the components to be supplied from India would threaten the working of the U.S. factories and there will be sufficient local support for the continuation of the imports, may not hold.

Secondly, since the wage component is the only cost element that can be minimised during this stage of product cycle, such exports have very little value-added component and profit margins.

Thirdly, it is obvious that a strong and healthy long-term export strategy can be based only on the development and marketing of new products.

Neglect of R & D

To suggest, therefore, a long-term policy based on obsolescent product lines is a very regressive one. To tie the economy to such an arrangement on a long-term basis will only widen the gulf in competitiveness between the growing and the developed regions.

One of the major weaknesses of all the proposals made for increasing Indian exports is the complete absence of any plan for encouraging local product development for export. This is not surprising, considering the complete neglect of R & D for product development in the industrial sector. Without such a programme there can be no successful export effort from India or any other country for that matter.

Export obligation

Yet another route suggested for more exports is via the imposition of export obligations whenever foreign collaboration arrangements are sanctioned. According to one report about 254 collaboration agreements of some 1,300 foreign collaborations approved between 1974 and 1978 had some kind of an export obligation clause. A reply in Parliament said that 218 export obligation clauses out of some 370 such agreements executed with the export obligation cell of the Head quarters of the COE & E between 1970 and 1980 were in force at the beginning of 1981.

Unfortunately very little information is available publicly on the performance of such units. No data are available on the extent of defaults and penalties imposed. According to one knowledgeable estimate more than 120 of such cases had defaulted on their obligation.

Another study, done by Prof. I. S. Gulati and Mr. S. K. Bansal on a specific case study of such an agreement in the electronics industry concluded that an export obligation on the domestic firm could place it in a weak bargaining position vis-à-vis its foreign collaborator and that the weakness of the domestic firm might particularly impinge on its ability to secure access to contemporary technology, especially the know-how that supplements and

or follows the know-how embodied in the plant and machinery initially purchased under the collaboration agreement.

At the same time the buy back commitment secured from the foreign collaborator might not be effectively enforceable because the penalty provision is not stringent enough in actual practice to deter default.

A slight variation of the above approach which is also expected to contribute to increased exports is the setting up of 100 per cent export-oriented units or the broadening of the Free Trade Zones through liberal provisions such as 100 per cent foreign equity participation and permission for foreign collaboration.

How far could such schemes succeed in inducing multinational companies to set up units in India?

A recent study by the Indian Institute of Foreign Trade on the role of Transnational Corporations in India's exports concluded, after visits to the MNC head offices and talks with the Chief executives there, that "almost all of the TNCs (MNCs) operate in India to take advantage of the large local market, and to the extent that some of them exported at all from India, it was in the expectation that this would provide them with some additional leverage to allow their licence and capacity to be expanded and/or to be allowed to expand into new products."

One of these firms has been bargaining in India for additional licences so that it would produce for export on the basis that "exportation is not possible without a healthy local market. Yet the visit to the parent not only revealed that there was little real intention of incorporating the Indian subsidiary into production for the global market but also that it was producing almost entirely for export in other parts of Asia."

It must be noted here that these economies have a relatively small home-market. When subsidiaries of TNCs are almost entirely locally oriented there are reasons to believe that this will lead to a tendency towards low level of exports to avoid competition with the subsidiaries which have been chosen as concerned sources of supply. There was ample evidence from the discussions with the head offices that such restrictions on exporting do occur even if they are not formalised in export-restriction clauses.

The foregoing discussions deal with only some of the basic characteristics of the Indian economy and factors that would inhibit growth in exports. If other factors equally important such as basic deficiencies in the industrial infrastructure — shortage of power, steel, cement and other essentials — are taken into account, it would seem that the target of Rs. 10,000 crore for engineering exports is overly optimistic.

Two alternative courses

Long-term policies and strategies for export promotion cannot be worked out properly when immediate short-term difficulties are given precedence even at the expense of long-term growth. The present urgency about increasing exports is not the result of any careful planning about our long-term objectives but the panic response to immediate balance of payments crisis.

India's trade deficit has increased from about Rs 1,100 crores during 1978-79 to Rs 2,400 crores in 1979-80 and Rs 4,200 crores in 1980-81. It might get worse during the rest of the 80s.

There are no easy ways of putting the country on the track of sustained growth. Given the nature of the handicaps that it faces, any policy or set of policies is bound to cause some hardship somewhere.

The question is this: Should short-term expediency be the determining factor or should the country be prepared to take measures which might result in short-term disturbances but would pave the way for long-term growth? What are the alternatives?

Policy prescription

The first choice is the policy prescription that seems to be under consideration and is most likely to be adopted.

This consists of

(i) immediate infusion of capital from abroad in the form of IMF loans and also loans raised in the foreign money markets.

(ii) liberalisation of import policies.

(iii) stress on all-out export promotion.

The present external conditions such as world trade conditions, the attitudes and policies of MNCs and so on, and the internal ones such as shortage of raw materials needed for exports, restrictive attitudes towards MNCs, the attitude of Indian industries towards exports do not seem very favourable for the attainment of the export targets set for 1990/91.

Some internal changes are needed.

These would include liberalisation of laws regarding the participation of foreign technology and capital not only in the export market but also allowing them to enter the domestic market. Also the relaxation of laws governing the big houses, amending the MRTH Act and soon will be needed.

It will be necessary to streamline the export promotion measures and reduce the administrative complexities and increase the incentives for export. Liberal imports of raw materials and components would have to be allowed. In general, the policies that have been followed by other developing countries, that have been successful in their exports, drives, such as South Korea, Brazil, and Taiwan would have to be imitated.

Bold measures

If such bold measures are taken — and they are bold since they would represent a sharp break from stated goals and principles — Indian exports can increase to the size envisaged in the various estimates of the Government and indeed even beyond these.

While the export targets would be fulfilled, there could be certain other fall-outs from following such a policy. It may result in a virtual stagnation of the process of independent development of science and technology in India.

As it is even with restrictive clauses in the import of technology and substantial incentives to engage in R & D, Indian industries have been very reluctant to do much original R & D or product development. Great care would have to be taken, therefore, to ensure that technology import does not act as a damper on R & D.

Secondly, the country should be prepared to face huge trade deficits even as the exports increase. It would be fallacious to ascribe such deficits only to the absence of raw materials as in the case of South Korea. Brazil, surely one of the most naturally endowed countries, also faces the same problem.

It is one of the inherent characteristics of export-led growth economies — at least in the developing world — that as their exports expand, their trade deficits and external debt also grow at the same time.

The alternative policies would involve a mix of export promotion and import curtailment. The prescription under such a programme would include

(i) Measures to improve domestic capacity utilisation in key sectors such as cement and fertilizer so that imports could be avoided.

Local R & D

(ii) Giving high priority to local R & D both in the areas of import substitution and product innovation. Unless and until an independent R & D base with proven record in product innovation is developed, there can be no successful and independent growth of the Indian economy.

(iii) Modify laws regarding import of technology — for example changing the limits on royalty payments, so that it becomes attractive for the foreign partner to be much more open about technology transfer — but apply them strictly. In matters of technology imports, the only criteria should be how far does it encourage development of a sound technological base in India and not how far it helps exports.

(iv) Developing countries, especially those that face foreign exchange crisis have been some of the major importers of Indian engineering goods. Such countries are likely to continue along the same course for some time.

The Government should establish an Export-Import Bank which would finance the export of Indian machinery to these countries or else Indian aid to these countries should be increased. Such

a policy should not be confused with the objectionable tied-aid policies followed by some of the developed countries.

In this instance there would be no foisting on the recipient of equipment which is expensive compared with the prices of similar equipment elsewhere. Proven and reliable Indian machinery would be provided at competitive prices, through the export credit scheme. While the short-term benefits of such a policy are likely to be limited to employment generation and capacity utilisation, in the long-run they could yield substantial benefits.

(v) Exports to the developed market economies should be made on the basis of buy-back agreements if imports of technology or capital is involved, and such agreements should be strictly enforced and for a limited duration only.

Consumer durables export

(vi) There should be greater efforts at exporting consumer durables to the socialist economies. Most of these countries are feeling the need for expanding the supply of such goods and India is well poised to take advantage of these developments if adequate attention is paid to promoting this trade. As discussed elsewhere Indian engineering exports have fallen very sharply to these countries with the exception of the USSR and Yugoslavia.

(vii) Indian consultancy organisations should be encouraged to interact to a much higher degree than before with the manufacturing companies. While generally in the case of developed countries projects won by national consulting organisations get translated into product exports from these countries, in India there is very little fallout from such contracts.

For example, a number of Indian consultants have won projects in Algeria, a country which has gone in for heavy industrialisation. Yet annual exports of Indian engineering goods to Algeria have been less than even Rs 1 lakh during 14 of the 18 years from 1964-65 to 1978-79.

Drawbacks

Such an alternative policy is not without its drawbacks either. First, it would call for a major commitment on the part of the Government and the public to forgo short-term gains and undergo some economic difficulties in order to assure long-term gains for the nation as a whole.

Secondly, there have to be much higher efforts at internal mobilisation of resources. The again calls for Herculean efforts on the part of the Government and the industry. Finally, it has to be realised that sustained growth and economic independence come only through increased productivity via better technology and management practices. Unless this is achieved no amount of quick fixes, IMF loans and export-led-growth strategies would fundamentally alter the weaknesses of the Indian economy.

WATCHTOWERS FOR BANGLADESH BORDER APPROVED

Madras THE HINDU in English 22 Sep 81 p 11

[Text]

CALCUTTA, Sept 21

The Central Government has approved of the idea of setting up special watch towers along the Indo-Bangladesh borders. Initially, each of the eight border districts of West Bengal would have at least one watch tower each but in special cases, their number would be increased.

Stating this here today, a spokesman of the Border Security Force said that guards doing duty would be provided with binoculars, wireless sets and very light pistols, capable of firing flares.

However, the Centre had not yet consented to the proposal of raising five new battalions for the BSF in West Bengal as this would involve additional expenditure of several crores of rupees annually.

Despite periodic meetings between Indo-Bangladesh border authorities, the illegal influx of people from Bangladesh

has continued unchecked. Those who cross over include Hindus, Muslims and Buddhists among others. The population in certain parts of Calcutta has gone up lately because of the influx, according to intelligence authorities. West Bengal is at present something of a favourite target because of the problems of guarding a difficult terrain and a border that is barely defined.

The influx into the North Eastern States has become more risky than before, after the recent developments in Assam. Recently, a football match played by local league stars in a border town drew a large body of spectators from Bangladesh, many of them crossing over openly. Some of the illegal entrants put up with relatives across the border.

The pattern of smuggling between the two countries has also changed somewhat. At present the BSF authorities said, opium were selling at a pre-

mum in Bangladesh and were going over in large quantities. Cattle too were being smuggled from India to Bangladesh.

On the other hand, garments, urea and milk powder were coming from Bangladesh to the country. During the past few days, several persons, connected with such smuggling were arrested from Murshidabad, Malda and 24 Parganas districts. They included both Indian and Bangladeshis.

The proposal for watchtowers along the Indo-Bangladesh border, it may be recalled, had been approved by a team of Central Government officials which, visited some of the border States a couple of months ago. For part of the Assam-Bangladesh border, the idea of an electrified fence to discourage illegal entrants was also discussed, the BSF official said.—Our Special Correspondent.

MSO: 4220/7113

RISE IN PRODUCTION OF PULSES DEEMED UNLIKELY

Calcutta THE STATESMAN in English 25 Sep 81 p 9

[Text]

NEW DELHI, Sept. 24.—In spite of modern technology evolved by Indian agricultural scientists, the country is not likely to be self-sufficient in pulses for quite some time. In fact, scientists are silent as to when the breakthrough, if at all, will come.

Since 1949-50 when the country's demand-supply position was comfortable there has been only a marginal increase in the production of pulses and in the areas under pulses. Thirty-one years ago 8.15 million tons of pulses were produced on 26.16 million hectares. Now the production is said to be 12.16 million tons and the areas under pulses is 22.54 million hectares.

The present requirement of pulses is 17.5 million tons (based on the minimum need of pulses per capita per day). The shortage, a result of an almost stagnant production during the past decade, becomes more pronounced in view of the efforts to boost production. It has now been nearly 15 years since the Indian Council of Agricultural Research started the all-India coordinated pulse improvement project with seven centres. The number of research centres has increased to 22. Six more centres are planned during the Sixth Plan period. The total financial outlay for research on pulses will be Rs 4.25 crores by 1984.

With all these allocations and efforts the stagnant production is a mystery.

Experts say that the country will need about 24 million and 19.2 million tons of pulses at 60 grammes and 50 grammes per capita per day, respectively. True,

crops have been affected because of climatic fluctuations, incidence of frost and other factors. Considering the poor man's crop, pulses are grown under rainfed situations but on marginal lands on poor soils as bonus crops and not as traditional crops under later or mixed cropping systems.

The question is—why are these constraints still valid when scientists have evolved many improved varieties of pulses, new methods of cultivation, new inter-cropping pattern and made efforts to fit the plant types in multiple and inter-cropping system? The ICAR scientists have been talking about the new management technology and the multiranged coordinated effort. But the fact is that while large areas are under pulses, their productivity is very low. Surprisingly, there is a wide gap in the average yield of pulse crops of different States and the "mini" trials on improved varieties. The research farm yields are higher.

Judging by the number of improved varieties which mature in 55 days to 100 days, it would seem that the scientific effort has been intense. The varieties have been developed for 18 States—Jammu and Kashmir, Haryana, Punjab, Himachal Pradesh, Rajasthan, U.P., Bihar, West Bengal, Orissa, Assam, Madhya Pradesh, Maharashtra, Gujarat, Karnataka, Tamil Nadu, Kerala and Andhra Pradesh.

BIHAR FALLS SHORT OF WHEAT PROCUREMENT TARGET

Bombay THE TIMES OF INDIA in English 22 Sep 81 p 12

[TUNE]

PATNA, September 21: The Centre is reported to have taken a serious view of the failure of the state government to achieve even one-eighth of the wheat procurement target.

According to latest reports, Bihar has managed to procure only 12,246 tonnes of wheat against the target of 100,000 tonnes.

While procurement has been below the target even in wheat-producing states like Punjab and Haryana, seldom before has Bihar lagged behind to this extent. The state government has attributed it to the "low" price of Rs. 130 per quintal fixed by the Centre and the damage caused to the crop by rain in April and the easterly winds.

Experts of the Union agriculture ministry are, however, understood to have dismissed these explanations as " lame excuses." At meetings with representatives of the state government

recently, they are reported to have plainly stated that the poor procurement was the result of the failure of the state to check the smuggling of wheat to Nepal and other neighbouring countries and to take adequate administrative measures for ensuring the success of the procurement drive.

Angry with the poor procurement, one Central trader is reported to have told some legislators from Bihar who approached him recently to express the position: "There is no government in Bihar. Otherwise, the results could never have been so poor".

Incidents reveal that as a direct result of the poor procurement, the Centre has reduced considerably Bihar's monthly wheat quota from the Central pool. Against the monthly requirement of about 20,000 tonnes, only 12,000 tonnes has been allocated so far.

The state's wheat production was expected to be at least about 20 lakh tonnes.

TUNE 4220/7110

OFFICIAL REPORTS RURAL ELECTRIFICATION PROGRESS

Calcutta THE STATESMAN in English 23 Sep 81 p 9

[Text] New Delhi, Sept 22--The Rural Electrification Corporation supplied power to 19,000 villages and energized 192,000 pumps in 1980-81.

The Corporation's chairman, Mr T.G.K. Charlu said that the corporation's main thrust in advancing loans continued to be on increasing farm production through utilization of ground water, the special project agriculture programme, jointly financed by REC, the Agricultural Refinance and Development Corporation and commercial banks.

Nearly 500 projects with a total loan of Rs 165 crores were sanctioned during the year to energize 240,000 pumps. Of this, REC's share was Rs 55 crores.

Mr Charlu pointed out that of the 570,000 villages in the country, 260,000 had been supplied with power. The pace of electrification was uneven with seven States having achieved total rural electrification and seven States having 80% to 100% of its villages supplied with power.

He said that while it was true that in the past some States had utilized loans from REC for its ways and means position, the situation now was different because of better monitoring and inspection.

However, he said that the REC no longer looked at its investment purely in terms of financial returns but judged it by economic returns. Also, it had been decided not to sanction any REC-scheme in any State which could not guarantee at least six to eight hours of power for agricultural purposes.

The corporation had received a credit of \$157 million and \$175 million from the World Bank in the past and negotiations were now on for the third credit which could be between \$200 to \$250 million for a project to supply power to 18,000 villages and to 550,000 pumps. The World Bank assistance would go to meet a part of the expenditure, and the balance would be met by the Central Government.

For the Sixth Plan provides for an outlay of Rs 1,860 crores to supply electricity to 100,000 villages and to run 2.5 million irrigation pumps. Of this, Rs 1,180 crores are to be funded through REC for electrification of 98,000 villages and 1.6 million pumps.

PROGRESS IN MINERAL EXPLORATION REPORTED

New Delhi PATRIOT in English 23 Sep 81 p 5

[Text]

NAGPUR, Sept 23 (PTI) — The Mineral Exploration Corporation (MEC) during 1980-81 found about 4,330 million tonnes of additional coal reserves in Maharashtra, West Bengal, Bihar and Madhya Pradesh, reports PTI.

In addition, about 1,025 million tonnes of limestone reserves were estimated in Meghalaya, about 105 million tonnes of bauxite reserves in Orissa. Availability of about 23 million tonnes of sand for storing purposes were also established in Kanhan and Wardha valleys in Maharashtra.

The MEC carried out 1,31,841 metres of drilling and 5,758 metres of mine construction and exploratory mining during the year. Drilling for coal, limestone, bauxite, copper, chromite, gold, diamond, lead and zinc were also

conducted in different States, a spokesman of the MEC said here today.

On determining the possible down area it broke new ground during the last two years.

The MEC also successfully completed two major dam site foundation investigations on behalf of the Brahmaputra Flood Control Commission in remote and rugged terrain having very poor logistics in Assam and Arunachal Pradesh.

It has now taken up another challenging assignment of dam foundation and power house site investigation at Chamara hydro-electric project in the inaccessible areas of Himachal Pradesh at the behest of the National Hydro Electric Power Corporation. This work has to be completed in 11 months.

CSO: 4220/7116

INDIAN OIL CORPORATION PLANS 'MASSIVE' EXPANSION

Bombay THE TIMES OF INDIA in English 25 Sep 81 p 8

[Text]

BOMBAY, September 24.

INDIAN Oil Corporation has embarked upon a massive Rs. 900-crore expansion programme during the sixth plan period.

Among the major projects included are the 6 million tonnes per annum grass-roots refinery at Mathura, the secondary processing facilities at the Gujarat refinery, the additional coking unit at the Barauni refinery, the mandatory crude tankage of more than 400,000 tonnes, the expansion of Salaya-Viramgam-Koyali crude pipeline, the fuel hydrant system at the new international airport terminal in Bombay and additional liquefied petroleum gas (LPG) storage and distribution facilities.

Mr. C. R. Das Gupta, chairman, told newsmen in Bombay today that the Mathura refinery was in its final stages of completion and was expected to go on stream by November. At the full-rated capacity of 6 million tonnes expected to be reached in this refinery by 1982, the corporation's refining capacity would reach about 20 million tonnes, taking the country's total refining capacity to 37.8 million tonnes.

Mr. Das Gupta said Rs. 10.50 crores had been spent on pollution control measures in the Mathura refinery. He said enough precaution had been taken to ensure that the Taj Mahal would not be affected by the emission of gases from the Mathura refinery. He pointed out that only low sulphur fuel oil would be used and sulphur would be recovered from gases. Three monitoring stations were also being set up to continuously monitor the sulphur dioxide content of the atmosphere.

Referring to the marketing of cooking gas (LPG), Mr. Das Gupta said the corporation had enrolled more than 120,000 new customers during 1980-81 bringing the total number of consumers served to 17.96 lakhs spread over 220 towns. From January 1981 to March 1982 enrolment of 12 lakh additional LPG customers had been

targetted for all the oil companies and Indian Oil's share would be 600,000 additional customers.

While IOC's sales have risen from Rs. 4,476.35 crores in 1979-80 to Rs. 5,710.94 crores in 1980-81, its gross profit has come down from Rs. 179.25 crores to Rs. 165.29 crores. After providing Rs. 57.14 crores (Rs. 51.57 crores) for depreciation, Rs. 24 crores (Rs. 3.50 crores) for investment allowance and Rs. 27.50 crores (Rs. 54.25 crores) for taxation, and after some adjustments, a sum of Rs. 68.05 crores (Rs. 79.37 crores) has been transferred to general reserve.

A record dividend of 14 per cent has been declared for 1980-81 against 12 per cent paid for 1979-80. Dividends will absorb Rs. 11.50 crores (Rs. 9.86 crores). Besides, the directors have proposed to issue bonus shares in the ratio of one new share for every two shares held by capitalising Rs. 41.09 crores from the general reserve.

Mr. Das Gupta said the turnover for the current year ending March, 1982, was targetted at Rs. 6,500 crores. He said the management was confident that the corporation would be able to maintain the 14 per cent dividend on the enlarged capital resulting from the bonus issue for 1981-82.

He said of the capital outlay of Rs. 900 crores on new projects, around Rs. 600 crores would be met from internal generation of funds.

Referring to the current glut in the international markets, Mr. Das Gupta said this was not likely to last long. "We should not have any complacency in this regard," he said.

As against the country's projected demand of 33.6 million tonnes of petroleum products during 1980-81, the demand materialised only for 30.94 million tonnes, with an increase of three per cent over the previous year. The growth rate in the next five years was placed at 6 to 7 per cent.

NEW DELHI, Sept. 21 - The Oil and Natural Gas

Commission and Oil India have initiated comprehensive

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programmes to explore oil on onshore areas and between them hope to find more oil in the north-eastern area. reports PTL.

This was indicated by Mr. N. V. Venugopal, chairman of the ONGC, and Mr. A. R. Subramanian, minister for petroleum, during a meeting with the press in New Delhi.

Mr. Venugopal said that the ONGC and Oil India were going to start work in the north-eastern area and that they had been given the go-ahead for the same.

The ONGC chairman said that the company's production was expected to go up to 28 million tons in 1984-85 to meet 65% of the country's oil requirements.

On a conservative basis, Mr. Venugopal estimated that two-thirds of the demand of oil would be met by an indigenous production of 38 million tons by 1989-90. The pro-

gramme was initiated by the government to explore oil on onshore areas and between them hope to find more oil in the north-eastern area.

Mr. Subramanian said that the government was going to start work in the north-eastern area and that they had been given the go-ahead for the same.

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ESD: 4220/7112

BRIEFS

PUNJAB ELECTION DATE--Chandigarh, Sept 15 (PTI)--The fourth general elections to the panchayat samities and Zila Parishads in Punjab would be held on 18 December next it was officially announced here today. According to the announcement, the last date of filing nominations would be 4 December, scrutiny would take place on 5 December withdrawals on 10 December. Preliminary publication of electoral rolls for the election of primary members representing panchayats would be completed on 12 November and objections to the preliminary electoral rolls would be heard on 19 November. Finals rolls would be published and copies supplied to gram panchayats on 23 November. [Text] [New Delhi PATRIOT in English 16 Sep 81 p 4]

SIKKIM CONGRESS-I WIN--Gangtok, September 21 (PTI)--Mr Saloman Saring, Congress (I) nominee, was declared elected to the lone Rajya Sabha seat from Sikkim in the biennial election here today. Mr Solaman Saring polled 20 votes out of his party's total strength of 23, while his nearest rival, Mr Karma Gyampo, polled seven votes. The independent candidate, Mr Dugo Bhutta, polled three votes while two votes were declared invalid. [Text] [Bombay THE TIMES OF INDIA in English 22 Sep 81 p 7]

NEWS AGENCY CHIEF--Mr Mammen Varghese, printer and publisher of MALAYALA MANORAMA and chief editor of MANORAMA WEEKLY, has been elected new president of the IENS, the largest association of newspaper owners in India. He was till recently the deputy president of the IENS. Mr Mammen Varghese joined MANORAMA as manager at the age of 25. After ten years, he became the general manager and managing editor. He is a member of the managing council of A.B.C. and a consultant to the southern region of the LIC. He has undergone special training in newspaper management at the Thomson Foundation, England, and studied modern printing technology abroad. He has played a prominent role in the introduction of modern types in Malayalam. He is an active member of the Rotary Club and also connected with various social activities. [Text] [Bombay THE TIMES OF INDIA in English 22 Sep 81 p 3]

MEGHALAYA CHECKPOST DEFICIENCIES--Shillong, Sept 21--There was a heated debate in the Meghalaya Assembly today over the issue of the poor functioning of the border checkpoint along the 426-mile India-Bangladesh border. Mr M. N. Majaw, former Minister, was critical about the measures taken by the Government to identify infiltrators. Creation of new check-posts, he held, would not solve the problem unless the police were given proper training. He asked the Government "How to educate the constables in the checkpoints when itself does not know who is a foreigner and who is not." If definite steps were not taken to detect and deport foreigners, he apprehended that all the tribes would be wiped out in Meghalaya. He suggested that Assam Phoolbari in Garo Hills be sealed. In Garo Hills, he alleged that the

Government welcome them with open arms. The Chief Minister, Mr Sangma, took serious objection to this point and asked the member to refrain from saying such things. Mr Sangma was angry. [Text] [Calcutta THE STATESMAN in English 22 Sep 81 p 9]

SOVIET EQUIPMENT ORDER--The Government-owned Projects and Equipment Corporation (PEC) has secured a Soviet order valued at Rs 10.5 crore for heating equipment, reports PTI. The contract is for supply of sophisticated heating equipment, thermo-containers and thermoblock during 1982. It was awarded during a visit of a Soviet delegation to India, PEC announced on Tuesday. PEC said the order is for a larger quantity of the same item being supplied this year against an earlier contract. [Text] [New Delhi PATRIOT in English 23 Sep 81 p 5]

INDO-SYRIAN FRIENDSHIP SOCIETY--New Delhi, September 24--Mr M. Satyanarayana Rao, MP and general secretary of the AICC(I), has been elected president of the newly formed Indo-Syrian Friendship Association, according to a press release. Mr Farooq Abdullah, MP and president of the National Conference, Mr Suresh Narayan Mullah, MP, and Mr S.K. Banerjee, trade unionist and social worker, were elected general secretaries of the association that will have its central office in the capital. Among the vice-presidents are Mahmooda Begum, joint secretary of the AICC(I), Dr A.J. Kidwai, vice-chancellor of Jamia, Millia, and Mr Nikhil Chakraborty, a journalist. [Text] [Bombay THE TIMES OF INDIA in English 25 Sep 81 p 15]

NARAIN UNITY PLANS--Mr Raj Narain told reports at Calcutta airport on Wednesday that he was trying to unite all democratic, socialist and secular parties and people to fight the "authoritarian" rule of Mrs Gandhi's Government and to restore democracy in India. He would welcome the Bharatiya Janata Party if it could rid itself of communal elements, he added. Replying to a question, he said the Maharashtra Chief Minister, Mr A. R. Antulay, was "not at all responsible" for the collection of money for the trust. "He had done everything regarding the trusts at the instance of Mrs Gandhi," he maintained. [Text] [Calcutta THE STATESMAN in English 25 Sep 81 p 9]

U.N. DELEGATION MEMBERS--New Delhi, Sept 24--Mrs Gandhi has named the five members of Parliament to serve on the Indian delegation to the current session of the U.N. General Assembly. The five are: Mr Anand Singh, Mr S.M. Krishna, Mr H.S. Hanspal, Mr Kusuma Krishnamurthy and Miss Saroj Khaparde. The delegation is being led by the External Affairs Minister, Mr Narasimha Rao. India's permanent representative at the U.N. headquarters, Mr N. Krishnan, is the deputy leader. [Text] [Calcutta THE STATESMAN in English 25 Sep 81 p 9]

REF: A2207122

BIOGRAPHIC SKETCH OF K H M SHUKRI GHOZALI

Jakarta KOMPAS in Indonesian 29 Aug 81 pp 1, 9

[Article: "Getting to Know K H M Shukri Ghazali, General Chairman of the Indonesian Council of Ulama"]

[Text] Jakarta, KOMPAS--"I have the objective of establishing the Indonesian Council of Ulama--which up to now has not been successfully done--in the sense of leading the ulama and later on working together with the government, so that society becomes better." This was stated by K H M Shukri Ghazali (75 years old), the new general chairman of the Indonesian Council of Ulama [MUI], in a conversation at his home with KOMPAS.

Accompanied by his son, who had once studied in Medina and is a graduate of Al Azhar University in Cairo, Shukri Ghazali recalled that at the time the MUI was established he had quoted a hadith [saying of the Prophet Mohammed] as follows: "A country in which there are many followers of Islam will have a good society if the ulama and the government are also good."

He went on to say, "Now, after the establishment of a Council of Ulama, it should already have been apparent that the government does not have to be too much in contact with the respective Islamic organizations. The government has frequently been in contact with the Council of Ulama, and subsequently it is the council which should be in contact with the Islamic organizations."

Help to Improve

He said, "So what I think is, how can this council help to improve the ulama to help the community in turn. If this is done well, it can become the guide for society.

"And to become a good ulama," the retired government employee continued, "the line which the MUI should hold to is the example of the Prophet Muhammed, who is mentioned in the Koran as the best example."

Therefore, he said, if the ulama in all matters reflect the behavior of the Prophet, the ulama will certainly become the leaders of society.

However, the general chairman of the MUI also asked, if there is a guide as to how to improve the ulama, then what is the way to improve the government?

"I won't say anything but leave it up to Alamsyah, the minister of religion, to arrange it," said Shukri Ghozali, repeating his statement at the closing session of the MUI working meeting last week.

Born on 6 December 1906 in Salatiga [Central Java], H M Shukri Ghozali has 16 children and 20 grandchildren. From his marriage with Mardisah, who died in May, 1951, he had eight children, one of whom has died. From his marriage with Alfiah, whom he married at the end of 1951, he has had 13 children, four of whom have died.

Admitting that he had not certificate of formal, general education, he said that his life has been spent going from one religious training center [pesantren] to another. Since he was 15 old, he was trained in religious questions by his father himself, H Imam Ghozali, and his elder brother, the well-known ulama, K H Ali Munawar, particularly regarding the Koran and the schools of thought of Tajwid, Nahw, Shorof, and Fiqh.

In 1921, after making the pilgrimage to Mecca, Shukri was sent to the "Jamsaren" religious school in Solo. There he studied the Koran and commentaries on the Koran, interpretation and the science of interpretation, the Fiqh and Usual-Fiqh collections or sayings of the Prophet, and the (Mustahalah) and other interpretations like the *Tahqiq al-Hujjah*.

In 1930 he moved to the "Tebu Ireng" religious school in Jombang, in order to deepen his knowledge of Hadith, particularly the Bukhari-Muslim collection. There he stayed until 1932.

While in these religious schools he expanded his knowledge of Muslim law according to Shafi'i. Later, after leaving the religious schools, on his own he went on into the study of law according to Malikiyah, Hanafiah, and Hanbaliah, respectively from the original sources and scriptures.

WORK EXPERIENCE

In 1927 he began to work, becoming a teacher at a religious school in Solo, teaching *Koran* and the *Sihah* collections of sayings of the Prophet. Later, for 13 years (1932-1945) he lived in Malang, becoming a teacher in an Aliyah school and an Islamic high school. He also gave sermons on many occasions at the Ta'lim Council and to Islamic organizations. From 1945 to 1948 he was chairman of the Executive Council of the *Tanfidz al-Ulama* [Muslim Scholars' Party], in the philosophy and education section.

He was also Deputy Executive Chairman of the KNI (Indonesian National Committee) of the Residency of Malang (1945-1949) and was a teacher in the School for Teachers of Religious Law. Later, he was appointed a member of the KNIP [Central Indonesian National Committee]. From the end of 1949 to August, 1953, he was assigned to Makassar as chief of the Office of Religious Affairs of Sulawesi Province, under Governor Satrio. In 1953 he was transferred to Jakarta as director in the Directorate of Religious Affairs. At the end of October, 1969, he became dean of the Syariah Council Library [Kutubiyah] of the State Islamic Religious Institute (IAIN) at Ciputat (Jakarta), until he retired from government service in July, 1971. Then for two years (1973-1980) he was rector of the Koranic Teachers Institute [Perguruan Tinggi Ilmu Al-Qur'an].

When the Constituent Council was formed on 10 November 1956 and until it was dissolved on 5 July 1959 by a decree of President Soekarno, he was a member of the drafting committee and of the consultative committee of the council, representing the Nahdlatul Ulama faction.

Demands of the Preachers

When he was elected general chairman of the MUI, replacing Buya Hamka, who died last July, he made public his guidelines for the ulama in a sermon he gave. "I deliberately sought the attention of the minister of religion, because a few days later was the festival of 'Id al-Adha. It is always crowded when a sermon is given, so that occasionally there are incidents. If possible, now we try to prevent them," said Shukri Ghazali.

He told the ulama and the preachers, he says, that there would be no problem about what was used as a theme for sermons, providing the manner of their composition, delivery, and their direction would follow the requirements in the Koran.

The 75 year old ulama mentions easily in Arabic the four verses in the Koran which can be used as guides for potential speakers. He then stated the meaning of each verse in Indonesian, which more or less mean the following:

First, because of the mercy of God, you, Mohammed, shall always be gentle with the community which you lead. Should you become a person who is rough and hard of heart, the community will certainly flee from you. No one will approach you or associate with you.

Secondly, invite the community to accept the religion of God with respect, wisdom, and with proper language. If it should become necessary to disagree with someone, handle the disagreement properly.

Thirdly, right and wrong are very different and cannot be mixed together. If a question has been clarified and there are still people who want to debate the matter or will not agree, reject their views properly. If Mohammed could act in such a way, not only would such a person "come over" and follow him, but the person who was previously an enemy would become a close friend.

Fourthly, he quoted the paragraph from the Koran addressed to the prophets Musa and Harun. The two of them ordered by God to meet Fir'aun and accuse him. The accusation against Fir'aun was required to be made in gentle words. In this way it was hoped that Fir'aun would come to regret his errors.

Shukri Ghazali thinks that if the sermons and the ways of treating people are accomplished as stated above, there would be no need to fear that incidents would occur, as in the past. "Previously," the general chairman of the MUI said, "indeed, the person concerned was not informed that he was not permitted to give a sermon. The names of those not permitted to give sermons were also not made public. However, the committee passed the word that certain names should not appear before the assembly."

He thinks that in fact handling matters like that can have the consequence of separating the government from the people.

"Recipe" for Staying Young.

The impression we had of this ulama is that his physical condition is good, and he had only a few gray hairs, so that he appears far younger than his 75 years.

Regarding his "recipe" for staying young, he says, "Since I retired on 1 July 1971, I have never been without an occupation, as is usually the case with other retirees. I was given a number of jobs by Prof Mukti Ali who, at that time, was minister of religion.

"The salary which I earned in performing various jobs given me by the government, added to my pension, turned out to be larger than my income before retiring," he says.

He turns over his entire income to his wife, who takes care of all household affairs, including handling school for the children. Therefore, his thought process are not weighed down by household matters.

Beside that he has never had any desire to live beyond his means. "I am a person who has never borrowed money and never bought things on credit," he says. With a living style without loans and credit, he feels his thought processes are not disturbed. His conclusion is that in order to "stay young," you must continue to be busy, although officially you have retired. This prevents burdens from accumulating on your thought processes.

Like Buya Hamka, Shukri Ghozali says that he also receives people and members of the community who want to consult him at his home. Or they can also contact him through the magazine KIBLAT [In the direction of Mecca], of which he is one of the directors.

With his education as general chairman of the MUI, his home at Jalan Tebet Barat Dalam 18 C no W-9, South Jakarta, will be increasingly visited by many guests.

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BIOGRAPHIC SKETCH OF ALI ALATAS (ALSO KNOWN AS ALEX ALATAS)

Jakarta KOMPAS in Indonesian 16 Aug 81 pp 1, 8

[Article by Indrawan Sarongko and Aswin Jusar: "Alex Alatas"]

[Excerpts] "If the struggle of the Group of 77 countries is successful in establishing a new international economic order and there is a man who should properly be given the credit, I propose that the developing countries make a gold statue of Alex."

These words were spoken by a member of the Tanzanian delegation at the fifth session of UNCTAD (United Nations Conference on Trade and Development) in Manila in 1979. At the time several delegation members from various developing countries were congregating in the lobby of the Philippines International Convention Center, waiting for the next session.

When we heard this comment, the first thought that came to mind was: "Is this Tanzanian joking or is he serious?" However, the other people who were there nodded their heads seriously. Except the Indonesians.

When I was thinking of this, I turned to a member of the Yugoslav delegation. His answer was the same, beyond a shadow of doubt. "He's not kidding at all. On the matter of a statue, that might be a joke. However, Alex really deserves our thanks. His arguments often make the developed countries give up their efforts against him. And he can be 'tough.' The developed countries have a 'healthy respect' for him."

The person mentioned here is Ali Alatas (48 years old), who in diplomatic and government circles is better known by the name of Alex. He is a diplomat in the Ministry of Foreign Affairs who is now officially the secretary to the vice president.

During the month of the UNCTAD V conference, at the Hotel Century Park Sheraton in Manila which was the headquarters of the Indonesian Delegation, Alex Alatas was indeed often called on to explain matters to the reporters. The chairman of the Indonesian Delegation, Prof Widjojo Nitisaastro (coordinating minister for economics, finance, and industry), on several occasions asked him to clarify certain questions.

He speaks clearly, and his English flows like water. He has rather open features, wears glasses, and has "salt and pepper hair." These convey conviction to the people who hear his comments and arguments.

based on what Indonesian officials said about him and what I heard in Manila, for the past two years some of my colleagues and I have tried to meet Alex Alatas to find out who he really is. Like a clock, a Westerner said, "what makes him tick?" But oh my, it was really difficult to talk to him. At the first few meetings Alex Alatas only wanted to talk about the North-South Dialogue. But not about himself. Every time he was pressed to talk about himself, he found some reason to avoid it. He began with the reason of privacy and went on to the reason that he, as secretary to the vice president, should not talk about himself.

Therefore, to prepare his profile in KOMPAS for this Sunday [16 August], we had to get more detail from people close to him who know him well. This was added to material which we got out of Alex Alatas himself, piece by piece, when he wanted to talk at some length about the North-South Dialogue.

Whether a gold statue is made of him or not, in the matter of the North-South Dialogue, the formation of a new international economic order, and questions concerning multilateral and global discussions, he indeed dominates these matters. Even his colleagues and government officials often call him, "Mister North-South" or "Mister Common Fund," based on Alex's role in global discussions to reach agreement on a Joint Export Commodity Fund for the developing countries. He accepts this nickname with a laugh, but then he shakes his head, because his interest in diplomatic questions is not limited to these matters.

New-Type Diplomat

"People who think Alex is that narrow are mistaken," said a diplomatic colleague who knows him and has now retired. Because people like him, as well as a number of other Indonesian diplomats, are a new kind of diplomat needed at present.

We know Indonesian diplomats like Subardjo, Soenario, L N Palar, Arnold Mononutu, Basoeki Abdielgani, the late Soedjarwo Tjondronegoro, and many other diplomats who were prominent in the Indonesian diplomatic world from the time of the proclamation of independence until the 1960's. Because of the demands of the time, they became expert diplomats in political consolidation, in the politics of "nation-building." They became expert on the question of the struggle against colonialism, the preliminary phase of the struggle of the non-aligned countries. At the time their energies and capacities were needed in a way that was different from the present. They had to have rhetorical force, they had to have a sharp kind of political sensitivity, they had to have a capacity to strengthen unity of a kind which now gives the impression that they were makers of slogans. "This was what was needed at the time. Because that was the strength we had in facing our opponents or the demands of the time," they say.

However, conditions changed later on. In the decade of the 1970's questions of development and economic cooperation increasingly emerged and became pressing, demanding the attention of the governments of all countries in the world. Previously, these questions had indeed existed, but were not so pressing, noticeable, and interconnecting as they are now. Thus, diplomacy, as the instrument or policy of a state in its relations with other states, must be coordinated with the times, like it or not.

However that might be, we should not think that because these questions involve development and the economy they are purely economic questions. These remain

political questions, because what is at issue are the collisions of national interests and how something can be achieved in the national interest. What is closely connected to this are political objectives.

At the present time our diplomacy can no longer be conducted on a compartmented basis. There are those who on a daily basis handle "political" questions (in the pure sense of the word). There are those who handle bilateral relations in terms of political questions, and so forth. There are those who handle economic questions or purely economic relations on a separate basis. At one time this might have been possible, but now things are so mixed together that if things are handled on a separate basis, this will damage our national interest.

So this is what made people like Alex Alatas become a "new kind" of diplomat or, in the words of the retired diplomat I mentioned above, "a new species of diplomat."

He Has Even Benefited

Regarding the personality of Alex Alatas, another Ministry of Foreign Affairs official close to him says that Alex has even benefited from the new situation in his career. After graduating from the Foreign Service Academy in 1954 he served in a number of capacities, including assignment to the staff of the Indonesian Embassy in Bangkok.

Later, from 1960 to 1966 he was assigned to the Foreign Information Section and became spokesman of the Ministry of Foreign Affairs. In this area Alex studied matters which cannot be learned by other diplomats who have never served in the information section. Here he studied the meaning, levels, weight, and nuances of words. He was trained to make speeches, to prepare joint communiques which had to consider carefully every sentence or word that was issued, so that it would be approved.

In 1966 Alex Alatas was sent to Washington and worked as Political Counselor in the Indonesian Embassy. There he was brought into political questions.

On returning from Washington in 1970 he was assigned as secretary to the minister of foreign affairs. In this post he followed Adam Malik in attending a number of major conferences. It was in that period (the 1970's) that economic and development questions began to emerge. The meeting of the Block of 77 countries in Peru, the non-aligned meeting in Algiers, OPEC conferences, and various international meetings on questions involving international economic and development relations took place in the 1970's. Demands for the creation of a more just new international economic order also emerged in UN forums.

In 1975, Alex Alatas was appointed Indonesian ambassador in Geneva, the center for international negotiations on economic and development questions. "It was here that he began to go more deeply into these questions," the Ministry of Foreign Affairs official said.

Concerning Three Choices

Then, whatever he did, he was still deeply involved in the question of the North-South Dialogue. Eventually, the dialogue stalled, and a new effort will be made to make it run more smoothly again at the meeting in Cancun, Mexico, in a few months.

When he is asked about it, Alex Alatas expresses the view that because of the stalemate of the North-South Dialogue as at present, there are three choices which can be made by the developing countries. First, there is the attitude which the "radical" developing countries tend to take, in the sense of abandoning the effort to engage in a dialogue and adopting the attitude of standing alone and strengthening relations with similar developing countries. This is indeed pleasant to hear and if put into a speech will certainly receive applause. However, this is not realistic, considering the tendency which increasingly forces the countries of the world to become interdependent and to need each other.

Secondly, there are those who regard the North-South Dialogue, which is global in character, as too broad and too noisy to be capable of producing concrete decisions. For that reason, it would be better for the forum to be narrowed, for example, to become an inter-regional dialogue. This would add to efficiency, but there is also danger in it, because the ensuing dialogue emphasize regional interests, while the global principles which are the objectives of all developing countries are sacrificed. Apart from that the "leverage" or the "cards" available in such negotiations will also be different.

Thirdly, there is the alternative of continuing to talk, continuing to engage in a dialogue, however disturbing, however disillusioning, however much time and frustration it may occasion. For the world continues to develop and is heading in the direction of rapid and basic changes. These changes have their own momentum. Alex says, "Wouldn't it be better if we tried to direct that momentum and steer it into peaceful and mutually beneficial forms, rather than have all of us washed away in developments which can no longer be controlled! So let's continue with the discussions!"

On the two other choices he does not fully reject the first, provided that in making the first choice the emphasis is on increasing economic and development cooperation between developing countries at the same level, as an essential element of the new international economic order. As for the second choice, provided that global principles are not sacrificed, this might also be possible, although it would be rather difficult to implement. The three choices indeed must be considered for adoption.

Alex Alatas is also convinced of the need for unity in the resolution of bilateral and multilateral questions. For example, take Indonesian relations with country A. This country A Indonesia obtains this or that kind of aid, so that it seems that this is to its benefit. However, in multilateral discussions country A takes a negative attitude so that the exports of an Indonesian commodity are held up, and export receipts go down.

This cannot be handled on a separate basis; that is, that bilateral problems are resolved on their own and multilateral questions are resolved by still other people. For that reason there must be a united and "coherent" policy in dealing with country A in the service of the national interest.

He also does not accept the view that regarding problems in the relations with another country one should resolve only the concrete questions. In this view long-range problems, such as multilateral discussions and the North-South Dialogue, should be turned over to people who make this their "hobby." In other words, leave them alone.

In fact multilateral discussions also have middle-term results, such as the Joint Commodity Fund, which will stabilize the level of commodity exports of the developing countries. There are also short-term results, such as occurred at the time of the establishment of a quota by Great Britain on Indonesian finished clothing exports. The establishment of the quota was determined in a multilateral framework between the EEC and the rest of the world (including ASEAN). However, because this question was brought into bilateral British-Indonesian relations and Indonesia then threatened to cancel several purchase and development contracts with Great Britain, the British changed their attitude.

Alex continues to move up, says an official in the office of the vice president. Up to now he has continued to be involved in following the development of the North-South Dialogue and other multilateral discussions, although officially he is secretary to the vice president and has his work fairly well piled-up. He was still able to participate in the UNCTAD V session in Manila as a member of the Indonesian Delegation which was led by Coordinating Minister Widjojo Nitisastro.

He also still followed the discussions in Geneva which later resulted in the agreement to establish the Joint Commodity Fund. He has participated in several other international meetings.

In addition, he is still invited if certain organizations are considering questions which are related to matters of economic relations and international development and multilateral discussions. For example, Minister of Mining and Energy Subroto continues to invite him to attend meetings in his ministry if they are considering and planning of strategy in the OPEC context.

Alex Alatas still finds time to study and continues to follow these questions, although as he says himself, "at home there are those who grumble if I work far into the night, still dealing with various documents, articles, and other materials concerning North-South questions." He certainly means his wife, his eldest son (24 years old and now working), his second son (15 years old and now attending senior high school), and his third son (14 years old and attending junior high school).

When the interview was over, the diplomat, who is a native of Jakarta and also has a doctoral degree, was getting ready to play golf. "My hobbies are reading and sports. Now I only swim and play golf. Three years ago I was still active playing tennis. Inviting friends to play golf isn't much. However, I am not as nimble as I used to be. So now I just try to play golf. It's healthier."

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BIOGRAPHIC INFORMATION ON INDONESIAN PERSONALITIES

[Unless otherwise noted, the following information on Indonesian personalities has been extracted from Indonesian language sources published in Jakarta.]

NEW MEMBERS OF SUPREME ADVISORY COUNCIL--Seven new members of the Supreme Advisory Council [Dewan Pertimbangan Agung] yesterday [12 Aug 81] were sworn in by the chairman of the Supreme Court, Dr Muzono, at a ceremony which took place in the DPA chamber. The new members are: Dr R Santoso Poedjosuboroto (former deputy chairman of the Supreme Court), Mohammad Noer (former Indonesian ambassador to France), Maj Gen (Retired) Piat Haryono (former principal director of Pertamina), Maj Gen (Retired) Harun Sohar (former commander of Military Region IV/Sriwijaya), Admiral (Retired) R S Soebyskto (former Navy chief of staff), Maj Gen (Retired) Dr Hermono (director of the Batam project), and Dr H Moeslin Taher (general chairman of the Council of University Rectors and of the All-Indonesian Private Enterprise Institute). With the addition of the seven new members the total number of members of the DPA has reached 36, or 80 percent of the number permitted by law. According to Law No 4/1978, Section 3, Paragraph 1, members of the DPA include community leaders and consist of political and military-civilian figures at the regional and national levels. [Excerpts] [Jakarta HARIAN UMUM AB in Indonesian 13 Aug 81 pp 1, 2] 5170

MARTONO KADRI--Minister of Foreign Affairs Mochtar Kusumaatmadja has appointed Martono Kadri as spokesman of the Indonesian Ministry of Foreign Affairs, effective 1 Sep 81. Speaking to reporters in his office on Wednesday [5 August], Mochtar said that Martono Kadri will function as spokesman of the Ministry of Foreign Affairs in expressing views and making statements on foreign questions, including UN matters and so forth. On this occasion the minister also promised that he would assign high-ranking officials of the ministry, as a matter of duty, to hold period press conferences. "Unless there are matters which come up suddenly and require me to take office immediately, I will also be holding press conferences," the minister said. [Excerpts] [Jakarta HARIAN UMUM AB in Indonesian 6 Aug 81 p 1] 5170

THREE SENIOR OFFICERS IN JOINT AIR COMBAT COMMAND REPLACED--The commander of the Joint Air Combat Command (KOPATDARA), Air Vice Marshal Aried Riyadi, presided over the transfer of three senior staff positions in the Air Force command at Halim Perdanakusuma Air Force Base in Jakarta on Wednesday [5 August]. Air Commodore Suwarta assumed office as chief of staff of KOPATDARA, replacing Air Commodore Pribadi.

Suwarda had previously been director of Halim Perdanakusuma International Airfield. Pribadi, who is presently on a visit to Spain, has been assigned as chief of Division 4 of PT Nurtanio. Colonel (Pilot) Mudjio, who has been inspector general of KOPATDARA for the past 3 years, has been brought back to service in Air Force Headquarters. The post of inspector general has been turned over to Colonel (Pilot) Sudjihartono, who was previously an assistant to the chief of staff of the Air Force for operations. Meanwhile, Colonel (Pilot) Hardadi will replace Sudjihartono as assistant for operations. Hardadi had previously been commander of Operational Wing 002 at Abdul Rahman Saleh Air Force Base, Malang. According to Air Vice Marshal Aried Rivadi, Suwarda, who is presently taking the course at the National Defense Institute, has been assigned to duty outside the Air Force for the past 7 years. This includes 4 years spent abroad and 3 years in the Ministry of Communications. For that reason, at the change of command ceremony yesterday [5 August] Suwarda was given three large books which cover the performance of the KOPATDARA working program for 1980/1981 and 1981/1982. [Text] [Jakarta HARIAN UMUM AB in Indonesian 6 Aug 81 p 8] 5170

WEST JAVA, SOUTH KALIMANTAN VICE GOVERNORS APPOINTED--President Soeharto, in Presidential Decision Letter No 135/M 1981, has appointed H Aboeng Koesman Soemawidjaja as vice governor of West Java. H Aboeng Koesman, who previously was mayor of the city of Cirebon, is second vice governor of West Java after Dr Suhud Kurnaen. According to the spokesman of the Ministry of Internal Affairs, Dr Feisal Tamin, in a statement to the press yesterday [7 August], the installation of the vice governor of West Java in office will be conducted by the minister of internal affairs on 29 August. Meanwhile, the installation in office of the vice governor of South Kalimantan, Dr H Mohammad Said, according to plan will take place on 20 August. With the installation in office of the two vice governors, in all of Indonesia there will be 13 vice governors: M Syah Asyik in Aceh; Dr Subki Harun in Lampung; Sardjono Soeprapto, Dr H Asmawi Manaf, Dr Piek Mulyadi, and H A K I Chaourmain in Jakarta; Dr Suhud Kurnaen and H Aboeng Koesman in West Java; Sri Pakualam in the Special Area of Yogyakarta; M Sugiojono in East Java; Dr H Mohammad Said in South Kalimantan; Lopez da Ures in East Timor; and Isaac Hindom in Irian Jaya. Answering questions from the press, Feisal Tamin said that filling the post of vice governor of Central Java is still in the process. He said that the appointment of a vice governor in a given province was made at the request of the province and bearing in mind the factor of need. Beside that other factors must be considered, such as the total population, the size and geographical character of the province involved, and considerations of efficiency in carrying on the government. [Text] [Jakarta HARIAN UMUM AB in Indonesian 8 Aug 81 p 1] 5170

COLONEL (ARTILLERY) DIRHAM--The post of commander of the Air Defense Artillery Center of the Arms Development and Training Command on Wednesday [19 August] was transferred from Brig Gen M Amin Roeskan to Colonel (Artillery) Dirham as temporary commander of the Air Defense Artillery Center. Brig Gen M Amin Roeskan will retire from service. His replacement, Colonel Dirham, was previously deputy commander of the Air Defense Artillery Center. [Excerpts] [Jakarta HARIAN UMUM AB in Indonesian 20 Aug 81 p 2] 5170

TEUKU MUHAMMAD HADI THAYEB HADJI DWIGDOR, State Secretary of Sumatra, in the name of the President, on Thursday (27 Aug) installed Teuku Muhammad Hadi Thayeb in office as governor of the Special Area of Aceh. The installation ceremony was held at a special session of the Aceh Provincial Council, attended by all of the members and by hundreds of invited guests. Among those attending were several high officials of the government, including Vice Minister for Cooperatives Bustanil Arifin, who is also chief of the logistical affairs body (KABULOG); Vice Minister Gafur; the commander of Defense Area I, Lt Gen Soesilo Sudarman; and Prof Svarif Thayeb, a member of the Supreme Advisory Council, who is a brother of the new governor. In his speech on the occasion State Secretary Sudarmah said that the installation in office of Hadi Thayeb as governor of Aceh was in accordance with Presidential Decision Letter No 141/M/1981, dated 7 August 1981. He said that Hadi Thayeb was elected by a majority of the Aceh Provincial Council at its session on 2 July. "It is hoped that carrying on the government of this region will have the full support of the people, in accordance with the principles of democracy in the Pancasila," the state secretary said. Teuku Muhammad Hadi Thayeb, 59 years old, was until Indonesian ambassador to Saudi Arabia. He was born in Peureulak, East Aceh, in 1922. After 1945, when he graduated from elementary school in Banda Aceh, he attended various schools in Jakarta, including medical school, a Japanese course for high officials, and the diplomatic and consular course of the Ministry of Foreign Affairs in 1948. His career as a diplomat began in 1949. He was a member of the secretariat of the Indonesian delegation to the Dutch-Indonesian talks. After that he was successively assigned to several positions in the Ministry of Foreign Affairs. In 1958 he became chargé d'affaires of the Indonesian Embassy in Mexico. In 1960 he was Minister at the Indonesian Embassy in Paris. In 1964 he was Indonesian Ambassador to Italy. Hadi Thayeb was once appointed to be minister for basic education and in 1965 he was appointed minister for the textile industry and people's industry. From 1971 to 1974 he was Indonesian ambassador to Poland. In 1978 he became deputy and finally in office as governor of Aceh. (Penerbita) [Jakarta: SURABAYA Indonesian MP, 27 Aug 81 p 22] 1170

Dr. H. M. D. The Government of the United Kingdom has given its agreement to the appointment of Dr. H. M. D. as Secretary General of the Ministry of Foreign Affairs, a position of extraordinary and distinguished importance in the United Kingdom, reflecting the high status of the office. Ambassador Sir John B. Smith is being withdrawn as Indonesian Ambassador to the United Kingdom at 24th in England. Dr. H. M. D. was born in 1925 and was a member of the Faculty of Law of the University of London from 1947 to 1951. He later continued his studies at the Royal and Imperial College of Science, Technology and Management at the University of London, graduating with the degree of Doctor of Science in 1956. He then served with the Australian troops in the Indonesian region during the 1950-1955. He was in command of the Ministry of Foreign Affairs (1955-1961), a special representative of the Indonesian Government in Beijing (1962-1965), Ambassador of Indonesia and representative in Rome (1965-1967), chief of the Department of International Law and Diplomacy in the Ministry of Foreign Affairs (1967-1971), and a member of the Indonesian delegation to the United Nations (1971-1977), and since 1977 secretary general of the Ministry of Foreign Affairs. (Surab) [Jakarta: MP, 28 Aug 81 p 22] 1171

DR BUDI HARTANTYO--The government of the Hungarian People's Republic has given its agreement to the appointment of Dr Budi Hartantyo as Indonesian ambassador extraordinary and plenipotentiary to that country, replacing Imrad Idris. Budi Hartantyo was born in Lamongan [East Java] on 29 November 1928. He graduated from the Foreign Service Academy in 1954 and obtained a bachelor's degree in political science from National University in 1971. His working experience in Indonesia has included service as the chief of the Economic Intelligence Section and later as chief of the U.S. Public Law 480 Section in the Ministry of Economic Affairs, 1960-1964. From 1968 to 1971 he was head of the Americas Service in the Directorate of Foreign Commercial Policy. From 1975 to 1978 Dr Budi Hartantyo was chief of the Sub-Directorate of UN and Non-UN Regional Economic and Social Bodies in the Directorate of Multilateral Economic Cooperation. His assignments abroad have included posts as vice consul in the Indonesian Permanent Delegation in New York from 1956 to 1958 and as vice consul in the Indonesian Consulate General in San Francisco. In 1964 he was promoted to be second secretary and then first secretary at the Indonesian Embassy in Canberra, while resident in Sydney. From 1971 to 1975 he was minister-counselor and then minister at the Indonesian Embassy in Brussels. He was appointed deputy chief of the Indonesian Permanent Delegation in Geneva in 1978 with the title of minister and then of ambassador at the same post, a position which he held until his new assignment. [Text] [Jakarta SINAR HARAPAN in Indonesian 21 Aug 81 pp 1, 12] 5170

LT GEN G H MANTIK--After having begun his military career during the revolution, carrying a Bren gun on his hip and with the rank of corporal, Lt Gen G H Mantik is now a governor, responsible for the more than two million people living in North Sulawesi. People saw that Mantik's shoulders were not level as a result of always carrying a Bren gun. Now his shoulders are level, as a result of bearing hundreds or even thousands of problems of the people in the northern-most province of Indonesia. When we met with him he was putting on a light blue coat with a closed collar. In answering a number of questions he responded in a familiar but substantive way. "If you look at the area of my authority at the present, it is indeed narrower. However, in terms of the problems, it is broader. Where previously, when I was commander of Defense Area II, covering several provinces, several Military Regions, several Navy Regions, and one Air Region, in terms of defense problems only, now as Governor of North Sulawesi, although I only have four regencies under me (Minahasa, Sangir Talaud, Bolaang Mongondow, and Gorontalo), now I have a wealth of problems." He means that whereas previously he only handled defense and security questions, now his field of action is even broader, involving questions of ideology, political, economics, social affairs, and cultural affairs, in addition to questions of security and order. One should not be surprised to learn that his sphere of activity also involves handling questions that come up between rectors, teachers, and university students, and even including elementary and high school pupils. Other problems include matters involving religious officials, ulama, farmers, and even prostitutes. "What is your concept or program for developing North Sulawesi," we asked him. Mantik answered, "I only carry out the program that was announced by the governor who preceded me. I want to open up opportunities for capitalists so that they will want to invest their capital in North Sulawesi." He went on to say that the area of Eastern Indonesia was far behind in development, compared with the western part of the country. North Sulawesi wants to catch up on this difference. "I would like to see investment take place, not only in Java, but rather that it might be directed in and especially be directed to North Sulawesi or the area of Eastern Indonesia in general," he said. Referring to the question of tourism and

the fact that North Sulawesi has been proclaimed by the Directorate General of Tourism as the Fourth Gateway to Indonesia, Mantik said that his province must still prepare itself. If not, we will be presenting something which is not new any more. This is especially so if the tourists have already visited Hawaii, Fiji, or Bali before coming to North Sulawesi. However, he is optimistic about the Liang Sea Gardens at Bunaken Island. He is also providing ample opportunity to private companies which want to carry on their activities in the tourist area. The capital of North Sulawesi, Manado, has just opened a hotel at the international level, the Kawanna City Hotel. Other facilities must still be provided to open the tourism door. The development of North Sulawesi into an area for tourism has already begun. Mantik is paying particular attention to the natural beauty along the road between Manado and Tomohon. According to present plans the restaurants at Tinoor will be cleaned up, because, apart from the fact that they detract from the view and the surroundings, their location is very dangerous, because the restaurant buildings are located on the edge of a ravine, with foundations which cannot be relied on at all to bear the weight of the buildings. "So, before the buildings at the Puncak, in West Java, were fixed up, I had already had that idea in my head," Mantik said. Concerning the interest of the people of North Sulawesi in reading, Mantik said that this was not very encouraging, although only 4 percent of the people could not write and read. Perhaps this is because they are busy farming. However, with the Village Newspaper Program and the Village Electricity Program, perhaps this interest can be further stimulated. At present 30 percent of the 400 villages in North Sulawesi enjoy electric light. "And the task of stimulating the desire of the people to read is the job of you reporters," Mantik said.

MAJ GEN HASAN SLAMET--Because of his duties as a soldier he has explored almost all of Indonesia, beginning with Aceh and Tapanuli and continuing to Irian Jaya. He himself was born in Banten, West Java, 54 years ago. When the revolution began, he joined in the independence war. And he now feels very lucky because he was not killed by enemy bullets or random shots. "I am fed up with war, and because of that I hate war, and especially war among ourselves," said Maj Gen Hasan Slamet, former chief of staff of Military Region VI/Siliwangi and commander of Military Region XIV/Makassar, who is now governor of Maluku province. "Before, we fought because we had to do it to free our country from colonialism. What is important for us now is to build our country. If now we go to war, our enemy is poverty, backwardness, and hunger. We cannot deal with these conditions just by talking a lot but without working," he said with conviction. We met him at the residence he was staying at in Soerabaya when he was attending a working meeting of the governors from all over Indonesia recently. Hasan Slamet described his experiences in his present post. Many people think that being a governor is wonderful. In fact, it is the reverse. I often cannot sleep because of fear. Fear that there is hunger. Fear that a riot may erupt suddenly. Fear that a contagious disease may suddenly affect the people, especially since in this region communications are very difficult. Yes, I am afraid of 'communes' like that. However much I may be afraid and however difficult it may be, as governor I must deal with it because that is my responsibility." He went on to interesting aspects of his meeting and talking with the governors. When asked about the discussions concerning culture, he could go on for hours without stopping. Only the smoke of his cigarette continued to billow out. He was quite enthusiastic in talking about the culture of the people, their customs, films, philosophy, etc. He mastered the subject, drawing from his experiences, the results of his research, or from reading books. It was different when he was an intimate

terms with artists. At the time he was still commander of Military Region XIV/ Hasanuddin. It was he who took the initiative to hold a festival of people's art throughout South Sulawesi and other artistic activity. It was at that time that the Makassar Arts Council was very active. Artists and people interested in cultural matters like Umar Kayam, Matulada, Dan Suwaryono, Rachman Arge, Sinansari Ecip, were his intimate friends. "Oh, there is a special pleasure in being in close touch with artists," he said with a laugh. He did not make clear what kind of pleasure was involved, but Hasan Slamet, who often has an "artistic" attitude, said, "They like to be frank. They are people who like to think in terms other than their own interests. Don't consider them strange people." The philosophy of his life is that we cannot be on good terms with people if we don't know them well. "I can be on good terms with a Batak because I know his culture. It's the same thing with people from Makassar, Ambon, Java, and other areas. Everything comes from knowing their culture," said the artistic governor. It is not easy to be governor of Maluku. The previous experience of many governors of this area was that they were forced to leave their position before their period of service was up. And Hasan Slamet is among the "fortunate" people because he has been governor of Maluku for 6 years and 6 months. This is also thanks to having a precise knowledge of the people of Maluku. He is accepted and supported by them. The people of Maluku have a long-established cultural tradition. For example, they have a very tolerant attitude toward religion, are cooperative, and are loyal toward the country. "I know them by experience and by going deeply into their culture. One of my important tasks is to develop this tradition," he said, ending his discussion with SINAR HARAPAN recently. [Text] [Jakarta SINAR HARAPAN in Indonesian 23 Aug 81 pp 1, 4] 5170

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KING BIRENDRA: FOREIGN AID INADEQUATE, POORLY ADAPTED

Paris LE MATIN in French 6 Oct 81 p 2

[Interview with King Birendra Bir Bikram Shah Dev and Yadav Prasad Pant, minister of state for finance, by Luc Bongrand and Sandra Charvet in Paris; date not specified]

[Text] France will devote some 25 billion francs to development aid in 1982. The draft budget submitted by Laurent Fabius last Wednesday provides for a sizable increase in government aid: it will total 0.69 percent of the French GDP next year, compared to 0.61 percent in the initial finance bill for 1981. That represents a first step toward the objective adopted by industrial countries at the Paris Conference on the Least Developed Countries, where the Western nations committed themselves to devote at least 0.7 percent of their GDP to development between now and 1985, with 0.15 percent going to the least developed countries. That is not an inconsiderable effort, but it is pathetic when viewed against the immense needs of the Third World.

As a poor country among the poorest, Nepal is a perfect "prototype" of the disadvantaged nations. A landlocked country that remained isolated in a feudal system until the 1950's and with a population that is growing faster than production, the Himalayan kingdom is actually becoming more underdeveloped.

During their visit to Paris, King Birendra Bir Bikram Shah Dev of Nepal and his minister of finance, Dr Y.P. Pant, granted an exclusive interview to LE MATIN in which they explained their country's situation in the battle for development. As the monarch of the world's only Hindu kingdom, King Birendra is trying, like many leaders in the Third World, to achieve the difficult synthesis of tradition and Western modernism. Crowned in 1972 and married according to Vedic rites, he is still viewed by his subjects as the god Vishnu. But that did not excuse him from the "obligatory tour" of big universities: Eton, Harvard, and in Japan. Preferring his apartment near Katmandu to his official palace, he divides his spare time between sports and painting. His entourage likes to describe him as a liberal humanist. But he has been unable to check the wave of protest produced by the alarming stagnation of the economy.

Recent riots shook the regime and led to a cautious constitutional reform that brought Nepal's people back to the ballot box for the first time since 1959.

10. MARTIN: Underdevelopment is usually defined by means of economic indicators: rate of industrialization, annual income per inhabitant, and so on. But those abstract figures mask the daily reality of underdevelopment more than they reveal it. How do people live in the least developed countries, which you represent?

KIRY BHARADWAJ: As a poor person among millions of poor people, the inhabitant of an underdeveloped country lacks everything, starting with hope. He lives crammed in with his family in inaccessible villages or in shantytown hovels. Vulnerable to disease and with his body marked by malnutrition and the lack of hygiene, he is obsessed with the idea of his next meal. Being unable to read or write and having no vocational training, he is generally unemployed, and when by good fortune he finds a casual job, he is overworked and underpaid. From birth on, he suffers from apathy and ill-health, and at his death he is still a pariah. And by the greatest irony of fate, it is people like him--the underprivileged--who have the most children and must strive to spread poverty.

11. Question: Far from improving, the situation in the least developed countries is becoming increasingly worse. Despite international aid. How did things get to such a point?

12. BHARADWAJ: Underdevelopment is not an inevitability. The nine countries that were represented at the Paris conference have almost all been victims of the colonialism of the industrial nations. Since their independence, their efforts have not succeeded enough to insure development. Even worse, the gap between the least developed countries and the developing countries themselves has grown steadily wider. In 20 years, the GNP of the least developed countries has risen by only 1 percent per year, while for the developing countries it has grown by 3 percent. The reason is that the aid actually granted has remained below the levels set by UN experts. In the area of aid to the least developed countries, only four countries have reached the level of 0.25 percent of their GNP as recommended by the United Nations.

13. Question: For industrial countries as a whole, the average does not exceed 0.06 percent, which means the emergency program adopted in Manila in 1979 has gone unheeded.

14. MARTIN: And may I say all too inadequate in that the objectives chosen have not been set and met as an objective. The problems we face are both common to us and different at the same time. For example, the population explosion is dramatic in Bangladesh and Nepal, but not in the Kingdom of Bhutan. The People's Democratic Republic of Congo hardly lacks drinking water, while we in Nepal lack the means for harnessing our abundant springs. People are always talking about "transforming structures," but it is hardly done up with measures likely to have tangible and quick results.

15. Question: At the Paris conference, Francois Mitterrand again emphasized that the growth of unemployment and the growing interdependence of economies are making underdevelopment even more of a problem. He advocated an overall negotiation--which he called "indispensable" for financing not only development but also the preservation of peace. What do you think of France's position?

King Birendra: I am pleased with the approach set forth by your government. The issue of peace is essential, and that must be emphasized. Tensions and rivalries between powers give rise to contagious zones of destabilization that are incompatible with action for development. Today we are witnessing the growth of zones of influence that are replacing traditional colonialism. For its part, Nepal hopes to be recognized as a zone of peace by the international community.

[Question] Who will support you in that?

King Birendra: We have the support of China and most of the Asian countries. And we are discussing it with India. In Europe, we are supported by Great Britain, Belgium, and Yugoslavia. Now a closer contact has been established with the French Government.

[Question] Has France given you sizable aid to date?

Y.P. Pant: If my memory serves me right, the first French expert to be sent to Nepal arrived in Katmandu in 1958. He was in charge of a mission for developing tourism. Several teams have followed, but it can be said that until the start of 1981, French aid remained relatively small: about 500,000 francs overall in the form of equipment for a seismographic station and training for airport personnel.

Last February we signed a protocol with France that involved over 50 million francs. Of that amount, 20 percent was in the form of donations, 40 percent represented loans at 3.5 percent, and 40 percent was in the form of 8.25-percent commercial loans. Those sums will be used to develop irrigation (10 million francs), purchase three helicopters (8.5 million), and acquire communications equipment and airport equipment.

[Question] Are you satisfied with the terms of that aid?

Y.P. Pant: It is a good start for Franco-Nepalese cooperation, and recent statements by Francois Mitterrand lead us to think that the new French Government will probably go along with the decisions of the previous administration. I must say, however, that the terms are relatively stiff; the portion consisting of donations is low, and the commercial rate of interest is quite high. In addition, what it involves is tied aid, with all the disadvantages that entails.

[Question] Generally speaking, do the terms under which aid is granted permit it to be effective?

Y.P. Pant: The great weakness in development aid lies in its rigidity, both in the conception of programs and in their execution. In preparing the projects, national experts are not generally given an adequate role to play and national needs are not taken sufficiently into account. In many cases, the proportion of imported components could be reduced by 10 or 15 percent in favor of locally produced materials, and that would give a boost to local industry. As for execution of the projects, it always lacks flexibility and often lacks pragmatism. Aid rarely takes local funds into account, and when they are inadequate, the result is a bottleneck. It is true that our banking structures are not adapted to transfer procedures. That lengthens the delays disastrously and makes adjustments to the projects unavoidable.

The result of all these difficulties is that from 1975 to 1980, only 53 percent of the aid granted to our country could be used.

[Question] Has your country managed to put foreign aid to good use despite all that?

Y.P. Pant: In the 1950's, Nepal had neither roads nor air routes. Everything had to be carried on men's backs, and communication was by word of mouth. Malaria was rampant in the Terai. We had about 100 university graduates, and only 2 percent of the Nepalese could read.

The administration did little more than collect taxes to maintain the police and the army. Because of the topography, the economy was simply a series of tiny traditional farms with no intercommunication. It must be admitted that 25 years later, development has had very little impact on the income and living standards of millions of Nepalese. Investments in priority infrastructures have drained off most of the capital. The growth of productive sectors has run up against the low purchasing power of the inhabitants and the very low rate of investment (13 percent of the GNP). But a real road and telecommunications system now exists. There has been a great improvement in health and education: 24 percent of the population is now literate, and 48 percent of our children are in primary school.

[Question] What impact has the worldwide economic crisis had over the past 5 years?

Y.P. Pant: That is difficult to evaluate precisely, but quite obviously, the crisis is only making our own difficulties worse. The social sector and tourism have continued to progress. But the overall economic performance is disappointing: the growth rate for the period from 1975 to 1980 was set at 5 percent initially, but it turned out to be only 2.2 percent. Income per capita has stagnated, as has farm productivity, which was supposed to grow by 17 percent but which was so poor that last year we had to issue a world appeal for urgent food aid.

[Question] dismal results! But does the future give you any reason for hope?

Y.P. Pant: The obstacles to Nepal's development must not be underestimated: a lack of skilled manpower and engineers, a very weak industrial base, an absence of raw materials and energy, very high transportation costs (Calcutta is the nearest port), and excessive infrastructure costs due to the nature of the terrain. But we must not give up. Our primary resource--land--could be much better utilized through irrigation. Our vast water resources, if suitably exploited, would enable us to increase the productivity of 1 million hectares in the Terai by the year 2000. This represents a fivefold increase in the amount of irrigated land, and by 1995 it will enable us to double our production of seed, which is constantly in short supply. If the dam construction program proceeds as planned, Nepal could become an exporter of electricity in 1995. The effects of the "water plan" are clear: the improvement in nutrition and health should result in a slowing of the birth rate, with the hope of stabilized population growth in the years 2010 to 2020. The satisfaction of essential domestic needs would make it possible to resume exports.

But the primary danger is a buffer between India and China, Nepal is a peripheral country and tends to remain one. If the takeoff is delayed too long, the danger of destabilization would compromise its future permanently.

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DEVELOPMENT PROJECTS IN ASAD KASHMIR DETAILED

Islamabad THE MUSLIM in English 22 Oct 81 p 6

[Text]

MUZAFFARABAD, Oct. 21: A sum of Rs. 278.533 was being spent on various developmental projects during the current fiscal year.

It was stated in Annual Development Programme review meeting here yesterday. The meeting was chaired by the A.K. President, Brig. Muhammad Hayat Khan besides the advisers to the government, Mohammad Khan Kiani and Ch. Nuzairuddin.

Brig. Hayat instructed that all targets should be completed before June 1981.

The meeting reviewed the developmental activities of various nation building departments.

In the sector of agriculture, Rs. 1.213 million were spent during the first quarter out of an allocation of Rs. 7.800 million, completing 11 per cent work out of the fixed target of 15 per cent. As much as 1,11,600 kilograms of improved wheat seed has been procured and is being distributed in all districts of Azad Kashmir. Beside this 70 tons of fertiliser was procured and was being distributed to the farmers.

With an allocation of Rs. 3.900

million animal husbandry is carrying out a comprehensive animal health programme.

The Forest Department is spending Rs. 3.746 million for reforestation of blanks. Under this scheme 3150 acres of lands have been closed for reforestation. The department have total allocation of Rs. 663 million for the current financial year and is carrying out schemes of protection and development of wild life, and of tourism. The department has planted cuttings and tubes in 247 acres of land under the watershed management in Chenab basin scheme.

The department has also raised nurseries over an area of 102 acres and 2,85,100 plants have been extracted.

Under the hill farming technical development projects Rs. 8.227 million are being spent on various development projects. As much as 3425 kilograms of water-vegetable seeds has been stored in this sector and 765 kilograms of vegetable seeds were distributed among farmers in various places.

In the sector of power, Rs. 48.750 million were allocated, over 1,000 villages will be electrified, 241 kilometres lines will be laid and

14,000 new connections will be completed in this year. The department is expecting completion of 50 per cent targets by December 1981. For the electrification of rural areas, Rs. 47.200 million are being spent.

Industries getting an allocation of Rs. 48.750 million for 12 rearing halls, 10 women industrial schools for which land is being acquired and setting up of 100 training schools for imparting knitting and sewing training.

Azad Kashmir Mineral and Industrial Development Corporation has been allocated Rs. 5,850 million and is working on various schemes. In the transport and communication sectors, the department will complete metalling, widening and resurfacing of Muzaffarabad-Shardikohala-Kuhari and Kotli-Sattian-Kuhari roads, with an allocation of Rs. 40.950 million. The PWD has completed 43 per cent work of improvement and metalling of link road in capital area of Muzaffarabad and 31 per cent of the reconditioning work of Mangla-Chattran-Sarai Alamgar road and eight miles of Muzaffarabad-Nail Rashian Road - APP.

IUP LEADER WANTS A PURPOSEFUL ROUND TABLE CONFERENCE OF POLITICAL PARTIES

Karachi DAWN in English 21 Oct 81 p 1

[Text] President of the defunct JUP Maulana Shah Ahmed Noorani has reiterated his stand for holding of the round-table conference as early as possible but added it should be meaningful and purposeful.

In an interview with PPI yesterday, Maulana Noorani said his party has explained from time to time the specific purposes for which the RTC should be convened.

To a question, he said all the political leaders should be invited to the RTC.

The IUP chief said there is no harm if the national government is formed but it should be for a defined purposes and for an interim period.

Maulana Noorani referred to a "pro-government" religious -cum-political party's suggestion for arranging a get-together of all political leaders to draw a consensus among themselves on national issues and said "there is a complete identity of views on all vital national issues."

In view of this, he added, the next step should be the holding of RTC to pull the country out of crisis.

To a question the Maulana said his party is willing to cooperate with all the patriotic parties in the country.

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CALL FOR RESTORING NORMAL POLITICAL PROCESS

Karachi DAWN in English 21 Oct 81 p 1

[Text]

Leaders of two defunct political parties in separate interviews in Karachi yesterday pinpointed the need for the restoration of normal political process in order to curb, what they said, the politics of violence threatening the country.

Shah Faridul Haq, Deputy Secretary-General of the defunct Jamiat-ul-Ulema-ul-Pakistan (JUP), emphasized that if the clandestine and tendentious activities were to be nipped in the bud, it was necessary to allow resumption of political activities by the parties that have already been registered.

He said that all law-abiding, pro-Islam and patriotic forces, in particular, the political parties, should be taken into confidence and a meaningful dialogue started with the Government to forge a united front.

Shah Faridul Haq ruled out any truck with the defunct Pakistan People's Party. As for the defunct Jamaat-ul-Islami, he said that although any electoral alliance with it was out of question, an understanding could be reached with it on an agreed formula in the overall national interests.

Mr. Mushir Ahmad Peshimam said that everybody detested politics of violence. The only way to curb such nefarious tendency, in his view, was by restoring the normal political process.

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CONFERENCE ON JOINT VENTURES WITH U.S. OPENS

Karachi DAWN in English 26 Oct 81 p 16

[Text]

More than 15 prominent US industrialists, bankers, and investors are reaching Islamabad on Nov. 13 on a five-day visit to Pakistan for talks with their Pakistani counterparts on matters of strengthening bilateral economic links and joint venture collaboration between the two countries.

Addressing a Press conference, the President of Federation of Pakistan Chamber of Commerce and Industry, Mr Yusuf Zia said yesterday the mission will be headed by Mr John L. Kidde, President of US-Pakistan Economic Council, and include prominent bankers.

To facilitate negotiations among the investors of the two countries Mr. Yusuf Zia said, the Federation has constituted seven groups of specific industries which include (1) Textiles (2) Heavy and light engineering (3) Chemicals and pharmaceuticals (4) Petrochemical and refining (5) Agro-based industries (6) Metals and minerals and (7) Miscellaneous industries.

He said the Government has already prepared profiles on 30 specific industries which he hoped would be despatched to US-Pakistan Economic Council for circulation among the investors.

He welcomed the suggestion to consider the possibility of private entities active participation in setting up of defence production industries in Pakistan in collaboration with American investors.

Prior permission of the Government would be sought to take up such matters.

He expressed the hope that the visit would yield positive results in terms of inflow of American investment in Pakistan as well as transfer of modern technology.

According to the programme, the mission will arrive in Islamabad on Nov 13 to hold talks with Government officials leave for Lahore on Nov 15 for a day's stay, arrive in Karachi on Nov 16, and return home on Nov 18.

Mr Yusuf Zia said the visit indicates the confidence American investors have in stability of Pakistan and economic viability in entering into joint venture collaboration with their Pakistani counterparts.

He welcomed a recent step taken by Reagan Administration which has created a bureau of private investment as a part of Pak-US aid mission. He hoped that this bureau would serve as a catalyst in transfer of technology to Pakistan.

The Federation chief said that trade with India should be balanced to be beneficial to both sides.

To another question he said the private sector in Pakistan opposes the protectionist policies whether in India, USA or European countries and has fully supported their Government which raises voice against this policy on international forums.—PTI

PDP LEADER ON RTC OF BANNED PARTIES

Karachi DAWN in English 21 Oct 81 p 1

[Text]

Mr Arshad Choudhury a leader of the defunct Pakistan Democratic Party (PDP), has said, his party has not received any formal invitation from any quarter to attend the proposed Round-table Conference (RTC) of the banned political parties.

Talking to newsmen at Karachi Press Club last evening, Mr. Choudhury, who was also a Federal Minister in the PNA Cabinet, said that if the proposal came from the Government circles, they would have to fulfil certain pre-conditions.

Speaking on behalf of an alliance of 11 outlawed political parties, he said, in the absence of a political process, how could the defunct political parties meet and what would be the position of their leaders, he asked.

Mr Choudhury denied that the defunct Jamiatul Ulama-i-Islam has decided to quit the 11-party alliance. He disclosed that a six-member conciliatory committee formed by both the groups of defunct JUI was holding its sessions to sort out their internal differences. It has nothing to do with its relations with the alliance of political parties, he elaborated.

Explaining the point of view of the alliance on some foreign affairs issues, he said the alliance was committed to abide by the decisions taken by the Organisation of Islamic Conference (OIC) and the Non-aligned Movement (NAM) on different occasions on Afghanistan.

HYDERABAD MAYOR AGAINST GOVERNMENT CONTROL OVER LOCAL BODIES

(Article DAWN in English 21 Oct 81 p 1)

[Text]

The revival of "Controlling Authority" at the head of the elected representatives of the people will tarnish the image of local Bodies in the country and may spell a disaster for the system. Syed Wasim Mazhar Nadeem, Mayor of Hyderabad Municipal Corporation (HMC), told a Press conference in Karachi yesterday.

He maintained that the bureaucracy and some senior Government officers were out to demolish the image of the Local Bodies.

In support of his contention, he said that previously these LB institutions used to be under the Commissioners, Deputy Commissioners and Assistant Commissioners.

In view of their pre-occupations, there were inordinate delays in the implementation of various decisions or in getting their approval. But in the present system, the decisions are taken and implemented forthwith to the satisfaction of the people.

Besides, he alleged, previously the Controlling Authority used to be influenced by political pressures and therefore, used Local Bodies funds, property and means accordingly and often, under duress.

He also cited instances of delays in the execution of a number of development projects in Hyderabad.

Mr Mazhar Nadeem said, if the decisions of the elected representatives were again subjected to bureaucratic approvals the results would be disastrous. Hence, he urged the Government to allow the elected representatives to continue their efforts for solving the problems of the common people.

CANADA IMPOSES CURBS ON GARMENTS FROM PAKISTAN

Karachi MORNING NEWS in English 26 Oct 81 p 5

[Text] The Government of Canada has imposed quota restrictions against Pakistani garments which would affect exports of readymade garments and other textile items.

Revealing this at a news conference here yesterday the Chairman of the Pakistani Readymade Garments Manufacturers and Exporters Association, Mr Abdul Razzaq, urged the Government to take up the issue with the Canadian Government which, he said, had always been friendly towards Pakistan. He said the Canadian Government should be persuaded not to reject our proposal regarding fixing of export quota to the level of Far Eastern countries.

Mr Razzaq said in case the Canadian Government sticks to fix small ceiling for readymade garments and other textile items unilaterally, then the Government of Pakistan should not accept their proposal. The government, he suggested, should emphasise to have a bilateral agreement with Canada asking them to import equal amount of manufactured items from Pakistan against export of manufactured items from Canada.

He asked the Western countries to help support Pakistan readymade garment manufacturers to help strengthen the nascent industry. He said while we were importing various items from Western Europe, Canada and USA against which our export of readymade garments was very negligible, particularly to Canada.

In view of prevailing situation, he stressed the need for not governing exports of garments from Pakistan to Canada under quota restrictions so that the industry could find out new export market.

FSH: 4229/71

PAKISTAN

PAKISTAN-TURKEY ECONOMIC TIES

Karachi MORNING NEWS in English 24 Oct 81 p 4

[Article by Monan Balkan, Commercial Counsellor of Turkey]

[Text] The only reason I wear [word blurred] this year our National Day synchronise with the celebrations of Mustafa Kamal Ataturk's birth centenary. This makes me happy than ever.

On this occasion I would like to come to the economic and trade relations between the two brotherly countries Turkey and Pakistan. As is widely known, the trade volume between the countries is very low despite the mutual affection and understanding of the Turkish and Pakistani people.

To give you an idea, let me introduce the trade volume in figures (million dollar).

1978-79	16
1979-80	19.5
1980-81	27.8

The shares of imports and exports are as follows (also in million dollars).

Export to Turkey

Export to Turkey

1978-79	16
1979-80	12.7
1980-81	24.1

Import to Turkey

8
6.8
3.7

These figures reveal that while exports to Turkey doubled, imports from Turkey declined by 30 percent in the last year compared to the previous year. Obviously the trade is showing a favourable balance for Pakistan. Despite the increase of Pakistan's exports there is no change toward more varieties and the increase can be attributed mainly to the import of rice by Turkey fivefold more than the previous year.

The stagnancy of trade can be attributed partly to the lack of knowledge of the Turkish and Pakistani businessmen about each other's country and its products.

DEVELOPMENT IN BALUCHISTAN REVIEWED

Karachi MORNING NEWS in English 27 Oct 81 p 10

[Text]

QUETTA, Oct 26: A two-day high level conference to review the pace of development in Baluchistan began in Quetta under the chairmanship of the Provincial Governor, Lt-General Rahimuddin Khan.

The first session of the conference lasted for about seven hours today and reviewed in detail the development projects undertaken by the Baluchistan Government in various parts of the province.

The conference will review the Federal projects in the province when it resumes its session tomorrow.

Today's session started with the recitation of Holy Quran. The Additional Chief Secretary, Mr. Salim Abbas Jilani, recited.

Among others, Provincial Chief Secretary, Additional Chief Secretary Development, Inspector-General, Federal Development Project, Divisional Commissioners, Deputy Martial Law Administrators, Brig. Marjina Law, Project Director Koha Development Agency, Chairmen of BDA and QDA and concerned

secretaries of the nation-building departments attended today's session.

In his opening remarks the Provincial Governor, Lt-General Rahimuddin Khan, stressed the need of all out efforts to speed up the pace of development in Baluchistan to achieve the fixed targets on schedule. He urged the concerned agencies to utilise Government funds judiciously in order to get maximum benefits within the limited available resources.

The Governor warned that the Government would not allow anyone to misuse the Government allocations and would come down with a heavy hand to deal with the officials found misusing the public money. He said that every one of us, was accountable to Almighty God. We must not forget that nothing is hidden from him, he said.

The Governor stressed the need for immediate steps to recover all Government dues in order to keep up the pace of development in the province. He

directed the administration to adhere to the procedure of recovery strictly in accordance with the Government's instructions.

He also directed the heads of departments to ensure prompt and speedy clearance of outstanding arrears of various agencies like WAPDA, Gas, and telephone lying against various Government departments.

The meeting was informed that WAPDA has planned to electrify 300 villages under a phased programme being financed by Kuwait Fund. In addition to this programme, 53 villages are to be electrified from the WAPDA's own resources.

Besides, Asian Development Bank will also provide financial assistance to energise another 900 villages in the province. An agreement to this effect is to be signed shortly.

Meanwhile, new power house buildings at Mand, Buleda, Ormara and Pasni have been completed.—APP/PT

NO MID-TERM LOCAL BODIES ELECTIONS

Karachi DAWN in English 22 Oct 81 p 8

[Text]

Mian Ghulam Mohammad Memon, the visiting Punjab Minister for Local Government and Rural Development, said yesterday that there was no possibility at all of mid-term elections of the Local Bodies in the country.

At a meeting with the Mayor and the local bodies representatives of Sind at the KMC Hall he said, the councillors had played a laudable role in expediting the pace of development and removing difficulties of people at the local level.

The Sind system had a superiority over other provinces in as much as the controlling authority had been done away with. He emphasized that the powers of the councillors should not be curbed. Instead the controlling authority should be removed in other provinces.

The question of doing away with the controlling authority completely would be looked into in the light of experiment made by Sind, he added.

He appreciated the cooperation and confidence between the councillors and the officials of the Sind Local Government department.

The Mayor of Karachi, in his welcome address, said that the credit for Sind's achievement goes to the Governor Lt-Gen. S. M. Abbasi.

The Mayors of Hyderabad and Sukkur, the Deputy Mayor of Karachi, the Chairman of Hyderabad Divisional Coordination Committee, and other also spoke on the occasion.

FIVE FAD EXPERTS FOR PAKISTAN

Karachi DAWN in English 21 Oct 81 p 7

[Text]

ISLAMABAD, Oct 21. The Food and Agricultural Organization (FAO) of the United Nations will provide the services of five experts in the subjects of agronomy, soil science, water, power, credit and marketing to National Fertilizer Development Centre (NFDC) to formulate future recommendations for increasing agricultural productivity.

Official sources said that experts will work in areas: the questions relating to efficiency of fertilizer use, improvement of fertilizer credit and marketing, fertilizer impact on environment, fertilizer and fertilizer education by the farmers.

Two experts Mr. J. A. M. M. who is a Dutch and Mr. Douglas T. who is an American have joined the team recently while the rest of the five will join shortly.

The sources said Mr. M. will evaluate the status of the use of soil nutrients and will formulate recommendations for strengthening soil testing laboratories in the country. He will also study soil conservation to improve soil and water resources. His assignment in the soil testing laboratory visit in the country will be to help in handling of soil to render efficient use to farmers.

According to the sources, the experts will survey the status of small farmers (small scale farms), their performance and credit facilities. They will also study the soil and water resources and will recommend ways to improve the status of the soil and water resources.

INDIA ACCUSED OF TRYING TO SABOTAGE F-16 DEAL

Karachi DAWN in English 22 Oct 81 p 6

[Text]

A veteran Muslim Leaguer and former Governor of West Pakistan, Mr Yusuf Haroon, has disclosed that the Indian industrialists are sending members of the Parliament and intellectuals to America to sabotage the proposed package deal of defence and economic aid, including the supply of F-16 aircraft to Pakistan. This, he added, is being done at the behest of Indian Prime Minister Mrs Indira Gandhi.

He suggested that Pakistani industrialists should also send intellectuals and other learned people to counter the Indian lobby in USA.

Mr Haroon expressed the hope that the US Government will approve the deal with Pakistan because both Democratic and Republican parties as well as the American people are in favour of the deal. Moreover, the safety and security of Pakistan has become the issue of American national prestige, because in other situation the USA will not be able to contain Soviet communism in the region.

Mr Haroon said, US President Ronald Reagan is a powerful and popular man and he will make every endeavour to ensure the supply of F-16 and other aid to Pakistan—PTI

422/14.4

SIND HIGH COURT ISSUES NOTICES TO BHUTTO'S SONS

Karachi DAWN in English 21 Oct 81 pp 1, 12

[Text] The Sind High Court has directed Mr. Ghulam Murtaza Bhutto and Shahnawaz Bhutto, sons of late Z. A. Bhutto, to appear before the Additional Registrar of the High Court on Nov. 10 in respect of a suit filed against them for Rs. 8,20,524.74 by the Government.

A Court notice said: "Whereas the plaintiff Pakistan through the secretary to the Government of Pakistan, Ministry of Interior, Islamabad, dwelling at Karachi, has instituted a suit in this Court against you for claim for Rs. 8,20,524.74.

"You are hereby summoned to appear before Additional Registrar in this court, in person or by a pleader duly instructed and able to answer all material questions relating to the suit, or who shall be accompanied by some other persons able to answer all such questions, on 10th day of November, 1981, at 11 a.m. in the forenoon, to answer the claim, and as the day fixed for your appearance is appointed for the final disposal of suit, you must be prepared to produce on that day all the witnesses upon whose evidence and all the documents upon which you intend to rely in support of your defence.

"Take notice that, in default of your appearance to the day men-

tioned, the suit will be heard and determined in your absence. Also take notice that in default of your filing an address for service on or before the date mentioned you are liable to have your defence struck out", the notice stated.

The Government's claim for Rs. 8,20,524.74 is against Begum Nusrat Bhutto and Mst. Amir Begum, widows of late Z. A. Bhutto, Ghulam Murtaza Bhutto and Shahnawaz Bhutto, sons of late Z. A. Bhutto, Miss Benazir Bhutto, Sanam Bhutto, daughters of late Z. A. Bhutto. All the defendants are the heirs and legal representatives of deceased Z. A. Bhutto.

SUMMONS SERVED

Summons have already been served on Begum Bhutto, Mst. Amir Begum, Benazir Bhutto and Sanam Bhutto. All the said defendants have been sued in such capacity as representing the estate of the deceased Z. A. Bhutto.

According to the suit, after late Z. A. Bhutto was removed from the office of Prime Minister, information was received by FIA that during his tenure of office he had committed, inter alia, offences under Section 5(2) of the Prevention of Corruption Act, 1947, read with Sections 409, 468, 471 PPC, in that he had dishonestly misappropriated huge sums from the Secret Service funds and had issued false certificates under the rules.

A case under FIR 194.77 was registered against him and investigated by FIA.

It said, the deceased Z. A. Bhutto dishonestly misappropriated Rs. 6,30,000.00 from the Secret Service funds and used the same for the benefit of his party, namely, Pakistan Peoples Party and members thereof.

He had paid a total of Rs. 2,10,000.00 to Mr. Khurshid Hasan Mir, Deputy Secretary-General, PPP, and Rs. 4,80,000.00 to Mr. Nasrullah Khan Khattak, President, PPP, NWFP. This he did for the purpose of promoting his party interests with designs of perpetuating himself in power.

The deceased dishonestly misappropriated a further sum of Rs. 79,545.00 from the Secret Service funds for the purchase of a Toyota jeep from National Motors Ltd. on or about 30.5.1976. He converted the jeep to his own use and sent it to his ancestral house, Al-Murtaza, Larkana.

On 30.5.1976, he made payment out of Secret Service funds to the tune of Rs. 44,521.74 to Nava Daur Motors Ltd., Karachi, towards repair and freight charges of five jeeps belonging to PPP of NWFP.

That in January, 1975, the deceased got printed PPP Manifesto in Baluch Brohi language at a cost of Rs. 6,400 paid from the Secret Service funds.

That the deceased prepared false certificates declaring the funds to have been properly spent in the interest of the public service—PPP.

PAKISTAN RAILWAY BOARD TO BE REORGANIZED

Karachi DAWN in English 22 Oct 81 p 1

[Text]

ISLAMABAD, Oct 21: The present setup of the Pakistan Railway Board is likely to be reorganised shortly.

The Federal Railway Secretary, Hassan Zaheer, today told DAWN the present setup of the board has enough scope to be improved.

He, however, brushed aside rumours about large-scale retrenchment in the railways. At the moment, the Ministry did not have any such plan in hand, the Secretary said.

The question of winding up of the Railway Board he said was a very sensitive issue and required adequate time and concentration. Its reorganisation was, however, under active consideration. In this regard so far nothing has been finalised by the Government, the Secretary said. The Ministry concerned has plan to improve the board's functioning by filling its loopholes.

These proposals would also be discussed with the Board's high-ups before a final decision was taken.

CSG: 4220/64-E

PRIZE AGAINST 19 CORRUPT OFFICIALS

Karachi DAWN in English 22 Dec 81 p 4

Text:

LAHORE, Oct 21: Mian Ghulam Mohammad Ahmed Khan Maraka, provincial Minister for Local Government and Rural Development ordered inquiries against 19 officers of District Council, Faisalabad for misconduct and misappropriation of funds.

The Commissioner, Sargodha Division, has also been asked to take action against six defaulting Councillors and the contractors who received over-payment in connivance with the officials.

On receipt of reports, the Minister said that the District Council had been defrauded by about Rs 42 lakhs. The Governor's Inspection Team conducted the preliminary enquiries into various allegations. Later on a high-powered departmental committee conducted a detailed probe into the matter and found out that all charges of misconduct and embezzlement were proved against the afore-mentioned functionaries.

Explaining about the officials who are being proceeded against, Mian Maraka said that these officials include those of Chief Officer, District Engineer, two Accounts Officers, two Assistant Directors of Local Fund account, two Assistant Engineers and 11 Sub-Engineers.

Action is also being taken against sitting Chairman and five Councillors, he said. The Contractor Raja Mohammad Sadq who had been working with the Council with six firms in different names has been black-listed and excess payment made to the contractor for extra rates and over-payment amounting to about Rs 8.5 lakh will also be recovered.—APP

CUSTOMS BREAKS UP GANG OF FORGERS

Karachi: DAWN in English 22 Oct 81 p 8

[Text]

Karachi Customs have busted yet another gang of 'forgers' dealing in the preparation and sale of bogus "A" Forms for the clearance of "unaccompanied baggage" from airport and sea port, it was disclosed here yesterday.

Two persons have so far been nabbed by the Special Checking Squad of the Customs from city airport while trying to use the fake form. Efforts are continuing to locate the 'brain' behind the racket.

With the recovery of two such forms, the customs seized six suitcases containing foreign cloth, art silk, eye shadows, electrical appliances, and other merchandise worth about Rs. one lakh.

Earlier, the Drug Enforcement Cell had uncovered a case of forged 'A' Forms and seized goods worth over Rs. six lakhs including some 'bogus' international passports and arrested one Mohammad Iqbal.

Further investigations are continuing.

CSO: 4220/64-E

PAK-ROMANIAN TRADE PROSPECTS

Karachi MORNING NEWS in English 20 Oct 61 p. 4

[Text]

ISLAMABAD Oct 19. The Chairman Pak-Romania Trade and Industry Committee of the Federation of Chamber of Commerce and Industry in Pakistan, Mr. Mohammad Yunus, who is currently visiting Romania, had a meeting with the Deputy Minister for Machine Building Industry and Chairman of the Romanian Chamber of Commerce, Mr. Ion Constantinescu, at Bucharest on Thursday last. According to a message received here yesterday they discussed matters of mutual interest with a view to taking appropriate measures for further expansion of trade between the two countries.—PPI

800 4720/61+K

PROSPECTS FOR PAK-MALAYSIA TRADE

Karachi MORNING NEWS in English 10 Oct 61 p 9

[Text]

DESPITE his numerous engagements, **MOHAMMED BASHEER JANMOHAMMED**

likes to serve Pakistan's trade and industry in various capacities by spending his valuable time and expert services in different trade bodies. Before Late Rastor, he was the President of the Karachi Stock Exchange. He also looked after Pakistan's trade with Malaysia as the Chief of Pak-Malaysia Trade and Industry Committee of the Federation of Pakistan Chambers of Commerce and Industry.

Now, Basheer JanMohammed will also look after our trade with Germany after his nomination as the Chief of Pakistan-West German Trade and Industry Committee of SPCCI. With his deep knowledge of Pakistan's export trade, he will make our exports to both these countries prosper.

In 1959 he led a 10-member high-powered trade delegation



to Malaysia. According to him, the main bottlenecks in the expansion of trade between Pakistan and Malaysia are the absence of direct shipping line and high air freight rates. He said the air freight rate of Pakistan Airlines for Malaysia was high as compared to other commercial cities. He said for exporting fresh fruits concessional freight rate was absolutely necessary.

Malaysia imports considerable amount of fresh fruits from various countries. The import of fresh fruits during one year was to the tune of 80 million US dollars. Pakistan makes large exports of mangoes, pineapples, citrus fruits, grapes, dry fruits to Malaysia. Among vegetables onions, potatoes and garlic can be exported easily to this country provided the freight rate is reduced.

There is also good prospect for export of our carpets to Malaysia. It also imports a large amount of raw cotton, yarn, textiles and readymade garments. However, their textile industry is progressing and their main exports now are cotton, textiles and cotton cloth.

There is also a wide demand

for surgical instruments and sports goods in Malaysia. The Government-run department buys on tender surgical instruments from time to time.

PAKISTAN WILLING TO HELP BANGLADESH IN DAMS

Karachi MORNING NEWS in English 20 Oct 81 p 4

[Text]

LAHORE, Oct. 19 WAPDA is ready to provide all possible assistance and cooperation to Bangladesh in construction of a barrage or any other water development work. Acting Chairman, WAPDA, Mr. Mohammad Akram Khan, assured the three-member engineers' delegation of Bangladesh currently on tour of Pakistan

According to a WAPDA Press release, Mr. Mohammad Akram Khan, who is acting as Chairman in the absence of Maj-Gen. Ghulam Salfar Butt, briefed the delegation on WAPDA's activities both on the water and power sides, and said that by the grace of God, WAPDA had now developed a reservoir of knowledge and its engineers were capable of taking construction work of barrages, dams etc independently. He said that the rough the construction and repairs of Tarbela not only had Pakistani engineers gained invaluable knowledge but the execution of repairs had provided the world with new information. The work done by WAPDA to fight salinity and waterlogging was also a pioneering work and many countries in the world

were now seeking information about its results.

On the power side, the Acting WAPDA chief said, that WAPDA revenue Exceeded Rs. 500 crore and WAPDA was supplying power to 32 lakh consumers in the country. He also briefed them about the power generation schemes in addition and future plans.

Earlier, members of the mission called on WAPDA's Member (Water), Mr. S.M. Ayub, and discussed various problems regarding planning of Tessa barrage in Bangladesh. They also discussed the hurdles faced in the constructional phase of various barrages in Pakistan and ways and means adopted by WAPDA to solve them. Later, the delegation called on Mr. N.C. Syed, Managing Director, Project Review Organisation, WAPDA and discussed with him the planning and the construction of barrages.

The Bangladesh mission had already visited a number of WAPDA projects, including Mangla and Tarbela Dams.—APP

CSO: 4220/61-E

PRODUCTION OF IRON ORE CONCENTRATE

Karachi DAWN in English 21 Oct 81 p 8

[Text]

An iron ore concentrate has been produced by the Pakistan Council of Scientific and Industrial Research (PCSIR) from the deposits at three sites in Baluchistan for utilisation by Pakistan Steel, it was announced yesterday.

When Pakistan Steel goes into full production (1.1 million tonnes) it will import two million tonnes of high grade iron ore worth about Rs. 1,000 million per annum in foreign exchange. The PCSIR produce will reduce this dependence.

The Chichalli iron ore deposits, estimated at 300 million tonnes, are the largest in the country but they are low in iron content — about 33 per cent — and extremely intractable to any beneficiation process.

Hence, efforts are being made to utilise other relatively small reserves at Pachinkoh and Chikendik measuring 25 million tonnes, which are of high iron content.

An iron ore concentrate has been produced in the Lahore Laboratories of the PCSIR from Pachinkoh and Chikendik iron ore deposits. The concentrate assaying 78 per cent iron, 2.8 per cent silica and less than 0.1 per cent sulphur has been developed from the ores containing 40 to 50 per cent iron and is rated as a high grade material for the production of iron and steel.

These studies have been sponsored by the PIDC which is carrying out iron ore exploration in Baluchistan.

The investigations were started at the ore processing and metallurgy research division of the Lahore Laboratories of the PCSIR in October, 1980. The ore samples from the Pachinkoh deposit were collected by the geologists and scientists of the Laboratories with the assistance of the PIDC geologists.

CSO: 4220/62-E

PLANS TO RESTRICT NUMBER OF AIRCONDITIONERS TO SAVE ENERGY

Karachi DAWN in English 22 Oct 81 p 10

[Text]

ISLAMABAD, Oct. 21: The Ministry of Water and Power has prepared a comprehensive plan to restrict the number of airconditioners in the country in order to save more energy, most reliable sources yesterday told "Dawn."

The cause of heavy consumption of energy, as determined by the Ministry concerned, was the rising trend of airconditioning which, if not discouraged immediately, will create serious energy crisis in the near future.

The sources specifically referred to Karachi where the continuing flood of such luxurious equipment was held mainly responsible for its frequently power troubles.

The Ministry concerned has asked the Government to ban immediately all import of airconditioners as well as their assembly and production by local manufacturers.

To get the exact number of all airconditioners presently in operation in the country, the Ministry has submitted to the Government a plan introducing the licensing system. A buyer will have to get his air conditioner registered to obtain licence, the proposed plan envisages.

The Ministry high-ups believed that the proposed licensing system will help regulate the flood of airconditioners responsible for energy crisis in the country.

CSO: 4220/64-E

PLANS FOR TURNING GARBAGE INTO FERTILIZER

Karachi DAWN in English 22 Oct 81 pp 1, 6

[Text] Plans are on the anvil for setting up compost plants in the country to turn garbage into fertiliser.

This will be part of an overall campaign to utilise waste materials for a commercially viable project. It will also solve the problem of garbage accumulation causing insanitation in the cities.

Mr Reza H. Syed, Managing Director of Investment Advisory Centre of Pakistan, in an interview yesterday said large cities, particularly Karachi, were faced with inadequacy in almost all civic services, including sanitation.

According to an estimate, he said, garbage disposal in Karachi was around 5,000 tons a day which resulted in unhygienic conditions — providing breeding grounds for mosquitoes, flies and rodents.

One way of getting rid of these problems was to convert the garbage in compost, he added.

Explaining the emphasis laid on sanitation and garbage disposal in other countries, he said "we should follow the example of Brazil where 4,000 tons of refuse were being converted into compost every day from city waste. Other countries like the USA, the UK and India have also set up such plants which are commercially viable.

He said such projects need to be expedited mainly from social point of view as it will solve the problems of rodents and insects and will eliminate the atmospheric pollution resulting from refuse burning. It will also help in converting the land now being used

for waste dumping into housing, playgrounds and parks, he said.

He said IACP was assisting potential investors in such projects which were desirable from commercial point of view as it will help the city corporation save huge amount of money now being spent on refuse collection, generate income from selling refuse to compost plants, earn money for the investors by selling compost within the country as well as export, and create employment opportunities in the country.

Apart from producing horticulture fertiliser, the plant is so designed that it can also produce other products such as paper and board. It can also separate metallic particles mingled in the refuse through its magnetic system, he concluded.

CSO: 4220/64-E

AGRICULTURAL TRAINING CENTERS TO BE SET UP IN SIND

Karachi MORNING NEWS in English 26 Oct 81 p 5

[Text] Fifteen agriculture training centres will be established in the districts of Hyderabad, Sanghar, Nawabshah, Sukkur and Larkana to disseminate improved farm know-how to growers.

This was disclosed by Sind Food and Agriculture Minister Sardar Ghulam Mohammad Mahar while talking to a delegation of growers at his office yesterday.

The Minister said that these centres were being set up under a modern project of agriculture extension and adaptive research being implemented in the province with the technical and financial assistance of the World Bank.

At these centres, he said that the farmers would be taught how to make the best use of available resources through improved cultural practices.

He said that other components of Rs 156 million project, which aims at modernising extension service, include strengthening of the field staff by addition of 460 positions, construction of 636 houses and 34 service buildings, provision of 267 bicycles, 99 motorcycles, 54 four wheel vehicles, 220 pick-ups and six cars to improve mobility of extension and research staff.

He further said that the project also envisages establishment of four adaptive research farms provision of 55-man-months of consultancy service in the disciplines not previously covered by the Agriculture Department and periodic monitoring and evaluation of the extension service.

In addition to extension of farm technology at the above-mentioned training centres, he said, an effective farm visit system for the field staff for scientific transmission and follow-up of better agricultural methods.

The project will cover intensively the districts of Hyderabad, Sanghar, Nawabshah, Sukkur and Larkana, which are the project areas, while other seven districts will be covered extensively, the Minister added, PPI.

CSO: 4220/71

AGRICULTURAL COUNCIL OF ISLAMIC NATIONS POSSIBLE

Karachi MORNING NEWS in English 27 Oct 71 p 10

[Text]

The establishment of a permanent "Islamic agricultural council" to oversee the development of agriculture in the Islamic world has been recommended by the just concluded four-day ministerial conference on food, security and agricultural development in Islamic States, which was held in Ankara (Turkey).

This was disclosed by Federal Minister of State for Food and Agriculture, Mir Zafarullah Khan Jamali, while talking to newsmen at Karachi airport on his return from Turkey yesterday.

Mr Jamali said that the formation of the proposed "Islamic agriculture council" would be discussed further at a meeting of Agriculture Ministers and experts from Islamic countries prior to the forthcoming Food and Agriculture Organisation (FAO) conference in Rome on Nov. 7 next.

The FAO is a United Nations agency, and most UN member countries will attend the Rome conference next month.

The four-day ministerial meeting on food, security and agricultural development in Islamic States was the first meeting of its kind to be held among Muslim countries, was held under the aegis of the Organisation of the Islamic Conference (OIC), and was hosted by Turkey.

Mr Jamali stated that besides agreeing on the formation of the "Islamic agricultural council", the conference had arrived at certain decisions relating to the establishment of food reserve stocks and overall agricultural development in the Muslim world.

Various countries had been allocated different assignments and studies would be carried out on 11 subjects with the working papers to be submitted at the next conference on food, security and agricultural development in Islamic states, which is to be held in Khartoum (Sudan) in 1983.

A permanent four-member "follow-up committee", consisting

of Turkey, Senegal, United Arab Emirates and Pakistan, has been formed to keep a check on the implementation of the conference decisions and submitted a report to the next meeting of Islamic Agriculture Ministers at Khartoum in 1983.

Mr Jamali further said that another high-powered committee had been set up to look into offers made by different countries to store food and set up food reserve stocks in their respective areas.

Such offers have been made by Turkey, Morocco, Indonesia, Bangladesh and Pakistan.

Recalling that the third Islamic summit conference had decided to set up a three billion US dollars economic development programme for Muslim nations, he said the conference had recommended that 50 per cent of this sum be spent on food and agriculture projects.

This would help to speed up the development of the agricultural sector in the Muslim world and thus lessen its dependence on outside powers.—APP.

'SEVERE' SHORTAGE OF EDIBLE OILS DECRIED

Karachi DAWN in English 26 Oct 81 p 9

[Editorial: "Edible Oil Gap"]

[Text]

AMONG the many agricultural deficiencies in this country the shortage of oilseeds is one of the more glaring examples. Although in certain other crucial sectors, like wheat, considerable progress has been made in bridging the gap between supply and demand, almost wiping it out in fact, efforts to meet the demand for oilseeds have just not paid off, and there is still a substantial shortage which has to be met with imports. How grave and, in a sense, incongruous, this situation is in a primarily agricultural country can be gauged from the fact that in the first nine months of the last fiscal year we spent more on importing edible oil than on importing stuff like chemicals, or iron and steel, and more than the combined cost of importing wheat, sugar and tea. What is even more alarming, and indicative of the failure of policies to raise oilseeds production, is that import of edible oils has been rising more or less steadily, showing that attempts to meet the demand with local production have not been

successful. Between 1972-73 and 1979-80 import of edible oil went up more than five times in terms of quantity. During the same period the cost of importing edible oil went up 10 times, from rupees 224 million to 2.29 billion.

There seems to have been a major breakdown of some sort in policy making at some point along the line. The painful fact is that this severe shortage of oilseeds which we are presently facing should have been clearly visible much earlier if normal techniques of demand projection and the production position had been employed. It is possible, of course, that the present shortage had been foreseen eight or ten years ago but nothing was done to try to improve production within the country. Again, there is the possibility that some of the heavy increase in demand could not have been foreseen earlier, but the fact remains that much of the increase in demand is what should have been expected in the normal course. If

steps had been taken to meet it then we should not have been in as bad a position as we happen to find ourselves in at this time. The assumption that steps were not taken to increase oilseeds production may be resented in the concerned Government departments, but if a look is taken at production and acreage figures, then it becomes apparent that this sector was more or less ignored. Leaving aside cotton, acreage figures for two important oilseed crops, rape and mustard, show that there was 37 per cent more land under these crops in 1971-72 than in 1979-80. If a rational policy had been adopted, then surely more land should have been brought under these, and other oilseeds, rather than letting acreage fall.

Somewhat more frantic efforts have been made recently to meet the growing demand for edible oil although, as is apparent, success so far has been very limited. There are efforts afoot, for instance, to again try to popularise cultivation of crops like safflower and sunflower and several incentives have been offered to farmers. Production

so far is, of course, negligible and it will be some years before an accurate picture can be had of the extent to which these crops will be able to meet demand. What must be stressed is that Pakistan possesses a rich potential to grow a wide variety of oil seeds both for its domestic needs and for export. Something approaching extraordinary efforts will have to be made if the shortage is to be eliminated or reduced to more acceptable levels — and this is not evident so far. In the five-year plan announced by Sind recently, the intention is to boost oilseeds production by 44 per cent by 1985-86. Although a 44 per cent increase is seemingly a considerable jump, it is still not equal to the efforts which are required — which should take into account the drop in the area under oilseed crops. It should also be pointed out here that although the much-desired self-sufficiency in wheat has been more or less reached, it does seem a rather hollow victory when the country has to spend close to 300 million dollars annually on importing another agricultural commodity.

GOVERNMENT TO RELEASE WHEAT TO CONTROL FLOUR PRICES

Lahore THE PAKISTAN TIMES in English 21 Oct 81 p 1

[Text]

The Punjab Government on Tuesday announced that it has decided to release wheat from its own stores to the private flour mills in order to check the rising trend in the prices of wheat atta. It was officially stated in Lahore.

Commenting on the reports appearing in a section of the Press that the prices of thella atta had gone up in the market thus causing hardship to the consumers a handout said that atta prices were expected to be reasonably reduced through this measure.

The handout said that the Government was alive to the situation and already its whole-sale atta was available at all the ration depots at Rs 1.50 per kg. This atta is prepared without any extraction and is of good quality.

About a week ago when the

rising trend in the prices of privately prepared thella atta was noticed, the Government introduced distribution of its own thella atta through ration depots besides the earlier outlets like co-operative utility stores and fair price shops. This thella atta is prepared after 5% extraction of bran and is again equally good. This thella atta is now available in abundance at all the ration depots in Lahore and at fair price shops, the list of which is being notified by Flour Mills Association. This thella atta is available at the price of Rs 12.50 per cloth bag of 18 kgs. And a supply of 22,114 cloth bags was made through ration depots during the last week and 42,000 bags through co-operative, utility stores and fair price shops during the same period in the urban areas of Lahore.—APP.

CSO: 4220/71

FARMERS' COOPERATIVE SOCIETIES IN PUNJAB

Lahore THE PAKISTAN TIMES in English 21 Oct 81 p 3

[Text]

The Provincial Livestock Department has established over 60 farmers co-operative societies which have started the collection of milk from milk producing members for supply to the urban consuming centres, says a hand-out.

This was stated by the Punjab Livestock Minister Brig (Retd.) Ghazanfar Mohammad Khan in a meeting in Lahore on Tuesday.

The Minister said the societies, located in the districts of Jhang, Sargodha, Sahiwal and Multan, would have their own chilling units and in the initial stages they were selling their members milk to the locally established milk processing plants. He said the new system was a very efficient way of over-coming shortage of milk on large scale and supplying whole-some milk at reasonable rates to consuming public by eliminating unnecessary chain of middle-men.

He said presently 65 lakh tons of milk was produced in

Punjab out of which only 23 per cent found its way to the urban consuming centres while the remaining was utilised in the villages due to lack of transportation and marketing facilities.

The Minister also urged upon the livestock breeders to help increase production of milk and meat by improving breeds of livestock population in the Province. He said through artificial insemination the department was breeding non-descript cattle with high quality seed imported from various countries. The progeny produced through this cross-breeding yielded twice as milk as compared to their mothers and also matured one year earlier. So far, 25 thousand cows has been produced under this programme and the number of such cows was increasing every year.

CSO: 4220/71

BRIEFS

BIRTH RATE CONTROL NEEDED--Lahore, Oct 24--Lt-Gen Fahim of Ahmad Khan, Surgeon-General, Pakistan Army, has emphasised the need to control birth rate in Pakistan and said it was necessary for any meaningful development in the country. Inaugurating a mela organised by the Punjab Maternity and Child Welfare Association at the Liberty Market here, he said the results of national developmental efforts would be more visible if the population planning were effective. He said the child and maternity care was a very important part of the national family planning effort which could only succeed with the concerted efforts of the whole nation. He said the Government had limited resources and so the participation of people and social welfare organisations was necessary for the child and maternity care. He praised the work done by voluntary organisations in that regard and said their example should be followed by others. The mela has been organised to raise funds for the promotion of 22 maternity and child welfare centres being run by the Association in the province. Thirty-four stalls of different organisations were set up at the mela.--APP [Text] [Karachi DAWN in English 25 Oct 81 p 4]

AGRO-METEOROLOGY SEMINAR--A two-week seminar on agro-meteorology began here on Oct 19 to discuss matters relating to agricultural meteorology, says an official hand-out. Sponsored by the World Meteorological Department, the seminar is being attended by scientists from Meteorological Department and various agricultural institutions in the country. Inaugurating the seminar, the Director-General of Meteorological Department emphasised the importance of agricultural meteorology for planned food production. He said the Government has agreed to set up an agro-meteorological centre in the Pakistan Meteorological Department and agro-met stations in the campuses of agricultural research institutions. Besides, a National Agro-meteorological committee has also been set up under the chairmanship of Dr Amin Mohammad Khan, Chairman, Pakistan Agricultural Research Council, he added. [Text] [Karachi DAWN in English 26 Oct 81 p 10]

PAKISTAN-CHINA TRADE--The two-way trade between Pakistan and China during the first seven months of this year amounted to 399 million dollars. This was disclosed here yesterday by Mr Wang Cheng Jung, the outgoing Consul-General of China in the course of a farewell meeting with Mr Mohammad Yousouf Zia, President, Federation of Pakistan Chambers of Commerce and Industry. He hoped that in the next few years China would become a big potential market for Pakistani goods. He said two Chinese organisations--Machinery Import and Export Corporation--

had set up offices in Pakistan and more such organisations would take similar steps. He disclosed that the Machinery Imports and Exports Corporation was currently studying the possibility of a joint venture with Pakistan in machinery production. He said the Commercial Consulate of China would be shifted from Islamabad to Karachi next month. Mr Yousouf Zia expressed his satisfaction over the growth of trade between the two countries. [Text] [Karachi DAWN in English 21 Oct 81 p 6]

TEXTILE SALES MISSION--A six-member textile sales mission of Pakistan is leaving here on Oct. 29 for about three-week visit of Far Eastern and Pacific countries. Led by a local textile manufacturer, the delegation will visit Singapore, Australia, New Zealand, Japan and Hongkong. During the visit the delegation will hold meetings with the local businessmen and officials and will discuss possibilities of pushing up exports of Pakistani textile products in these markets. The delegation includes representatives of cotton fabrics manufacturers, towel manufacturers and fashion garments manufacturers. It is expected to return here after November 20 next.--PPI [Text] [Karachi MORNING NEWS in English 26 Oct 81 p 5]

FIRM AWARDED SAUDI CONTRACT--Rawalpindi, Oct 25--The Airport Development Agency has been awarded 225 million dollars contract to undertake a housing project at the King Khaled Military Cantonment in Hafr Al Baten according to weekly SAUDI ECONOMIC SURVEY. This brings the value of contracts assigned to the Pakistani firm in Saudi Arabia to more than 500 million dollars. The agency has 4,000 employees in Saudi Arabia, including 300 engineers and supervisors. It built facilities worth 120 million dollars at Dhahran air base and participated in civil engineering work for Al-Kharj electricity schemes to the tune of 90 million dollars.--APP [Text] [Karachi MORNING NEWS in English 26 Oct 81 p 8]

ANTI-SOCIAL SANCTUARY RAIDED--Peshawar, Oct 20--The NWFP Government has smashed a sanctuary of the proclaimed offenders and anti-social elements located in Parang Chat in the Mohmand Agency last week. A spokesman of the Provincial Government said here today that the action to raid the sanctuary was taken on the request of the local tribal maliks and elders. During the raid a number of proclaimed offenders were arrested and illegal arms and ammunition was recovered from them, the spokesman added.--APP [Text] [Lahore THE PAKISTAN TIMES in English 21 Oct 81 p 8]

EFFORTS TO BOOST FISH PRODUCTION--The Sind Government is making concerted efforts for increasing the per acre production of fresh water fish. In this regard various development projects were being undertaken in the province with the technical and financial assistance of the Asian Development Bank. This was stated by the Sind Minister for Food and Agriculture, Sardar Ghulam Mohammad Mahar said here yesterday. He said that inland fisheries resources in Sind comprised the Indus and Hub rivers besides 100 large and small lakes, score of ponds, pools and depressions and canals covering an area of 4,660 million hectares. The Minister disclosed that a five-year fisheries development project was being implemented in the province involving a total cost of Rs 230 million to produce 300 million fry of major indigenous carps like Rohu, Catla, Mirgal, Calbash and three other exotic varieties of China and Indonesia. Besides, a fish farm would be set up on 20 hectares of land to produce suitable fish feeds, evolved techniques of optimum survivals, growth of carp and their demonstration of fishermen and fish farmers, he added. [Text] [Karachi MORNING NEWS in English 29 Oct 81 p 4]

AGRICULTURAL LOANS TO SMALL FARMERS IN SIND--The Agriculture Development Bank of Pakistan, Larkana; has advanced agriculture loan amounting to Rs 5.25 crore to a number of Abadgars small Khatedars during the last fiscal year. The above amount included Rs 1.50 crore loan to sugarcane growers through Larkana Sugar Mills. Announcing this, the Regional Manager, ADP has further said that his region which included Larkana and Jacobabad districts had been given a target of Rs. crore for disbursement of different types of loans during the current financial year 1981-82. [Text] [Karachi MORNING NEWS in English 20 Oct 81 p 7]

CHINESE ENGINEERS DISCUSS WAPDA POWER PLANS--A six-member Chinese engineers delegation headed by Mr. Shi Zuo ho of the Power Station Equipment Department, General Bureau of Electric Equipment of China called on the acting Chairman, WAPDA, Mr. Mohammad Akram Khan yesterday at WAPDA House and discussed WAPDA's power development programme. Mr. Akram Khan briefed the Chinese team about different generation schemes of WAPDA including extension of Tarbela hydel power station which on completion will double the present generation and produce 1400 MW of electricity. He also told the Chinese engineers that originally Tarbela power house was planned to have a total of 2100 MW generating capacity but the revised study has revealed that more than 3400 MW could be generated from this power house. Mr. Akram Khan informed the delegation that WAPDA was planning to install gas turbines of 300 MW capacity at Guddu thermal power station which is presently country's biggest thermal power station and producing 429 MW of power. Besides giving the details of various power stations of the country the acting Chairman, WAPDA also told the Chinese engineers team that WAPDA is planning to construct a 10 MW hydel station at Gilgit which will provide electricity to Gilgit city and adjoining areas. The Chinese team appreciated WAPDA's efforts in the generation transmission and distribution of power particularly in view of the present energy crisis all over the world and high fuel prices. [Text] [Karachi MORNING NEWS in English 20 Oct 81 p 3]

PAK-BANGLADESH AGREEMENT ON DOUBLE TAXATION--Pakistan and Bangladesh signed in Dacca on Thursday a bilateral convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, says a message received here from Dacca today. The convention was signed on behalf of the People's republic of Bangladesh by Mr A K Azizul Haq, Secretary, Internal Resources Division and ex-officio Chairman, National Board of Revenue and on behalf of the Islamic Republic of Pakistan by the Ambassador of Pakistan in Bangladesh Dr M Humayun Khan. Speaking on the occasion the ambassador said that this was in other fields like trade, banking, civil aviation shipping and culture. The agreement signified the growing relationship between the two brotherly countries, he added. Reciprocating the Secretary Internal Resources Division Government of Bangladesh said that the agreement aimed at facilitating close economic and commercial relations between Pakistan and Bangladesh. [Text] [Karachi MORNING NEWS in English 20 Oct 81 p 7]

PAKISTANIS STRANDED IN IRAN--A large number of Pakistanis working on Iranian cargo ships and vessels of some other foreign lines are presently stranded at Port Khomeini in Iran which is often subjected to Iraqi bombardment, according to messages received by relatives of some of these Pakistanis in Karachi. The Pakistanis include both officers and crew of several ships who just could not get out of the port due to war conditions there. Some of these Pakistanis have sent frantic messages to their relatives here asking them to inform the Government about their plight and the danger with which they have to put up every day because of the hostilities between Iran and Iraq. The stranded Pakistanis want Pakistan Government to come to their rescue immediately and take appropriate steps for getting them out of Port Khomeini. Some of the messages said that the Indian authorities have already rescued their nationals who were also working together with Pakistanis on many Iranian ships and those of other foreign shipping lines. [Text] [Karachi MORNING NEWS in English 30 Oct 81 p 6]

CSO: 4220/78

WORLD BANK HELD RESPONSIBLE FOR ECONOMIC WOES

Paris LE MONDE in French 10, 11-12 Oct 81

[Article by Roland-Pierre Paringaux]

[10 Oct 81 p 7]

[Text] Manila--The "new society," whose launching by President Marcos coincided with the imposition of martial law in 1972, has now been posted to the profit and loss account. It was not very successful in transforming the economic and social structure of the Philippines or in freeing that country of underdevelopment, inequalities, or domination by the local and multinational oligarchies. Since the reelection of Marcos in June, it has given way to the "new republic." But while slogans change, the options, managers, and beneficiaries of the economic structure remain the same.

According to several assessments, the short-term economic future remains gloomy. The next few years are expected to be characterized by rising production costs (raw materials and manpower) and a shrinking foreign market. For the first time in a long period of growth, exports are down in comparison with the first half of 1980. Agriculture, a vital sector that employs more than 50 percent of the active population, is stagnating after experiencing notable progress. It is the first victim of urbanization and the rising cost of fertilizer. In industry, the manufacturing sector remains undeveloped, archaic, uncompetitive, and wasteful. The mining sector, public works, and construction are making progress, but their share of the GNP is still small.

Petroleum operations are arousing great hopes, but they still cover only 20 percent of the requirements. Wages and the living standard are low. The inflation rate exceeds 16 percent. The government is not in a position to absorb the 600,000 new job-seekers entering the labor market every year, and this explains the policy for exporting manpower to the Gulf countries. The per capita GNP averages the equivalent of 2,850 francs per year.

The World Bank points out that the government "has made determined efforts" to change the situation. It adds, however, that those efforts "have not had a large impact" and emphasizes the danger of a concentration of public and private investments in the Manila area. The 1982 budget is intended to remedy that factor for regional imbalance by stressing development of the rural industrial sector and utilization of

local natural resources. Those analyses and criticisms are no doubt justified, but the organization expressing them is not without its share of responsibility for the delays, setbacks, and failures of a particular development strategy.

Analysis by Opposition

In the face of a deplorable economic and financial situation with which its name has been very closely linked for about 15 years, the World Bank is more firmly in control of the Philippine economy than ever. The country, underdeveloped and saddled with debts, is very closely tied to the strategy of its Western and Japanese creditors through its lines of credit. The millstone slowing its progress to development and limiting its independence "weighs" \$14 billion (84 billion francs). Its foreign debt is 70 times greater than in 1960 and has grown considerably worse since 1970, the year when Cesar Virata--the World Bank's liege man--became minister of finance. In July of this year, he became prime minister. For good measure, Marcos appointed other technocrats close to the World Bank, the IMF, and the Asian Development Bank (ADB)--dominated by the Japanese--as his assistants. One of them, Placido Mapa, is in charge of planning and development. He was formerly a high official in the World Bank.

Could Marcos have made another choice? "No, because it all hangs together," says Senator Diokno, one of the opposition leaders.

He says that the lifting of martial law, the plebiscite, and then the presidential election--all of which have occurred since the beginning of this year--took place at the insistence of the bank and the U.S. administration. The purpose, first of all, was to give the Philippines a democratic facade: martial law presented more disadvantages than advantages. Another purpose was to insure that in case something happened to the president, the mechanisms would be in place for preserving the economic system as it exists and insuring continuity--that is, protecting foreign interests and insuring payment of the debts. It is also necessary to guard against the resurgence of an economic nationalism that would oppose Washington's strategy. Diokno says: "Marcos needed some degree of legitimacy because he needs loans to avoid collapse. The World Bank exerted very strong pressure. It even threatened to suspend its loans. Marcos gave in."

"New Society," New Obligations

The plebiscite called in particular for a constitutional amendment establishing an executive committee to consist of the prime minister (Virata) and 14 members, all appointed by the president. That committee is responsible for taking over "in case of tragedy." It amounts to a sort of dual control. Will Marcos (and his wife, who did everything possible to be named prime minister) put up with that for very long? Another question is whether the economy will gain anything from that formula other than more debts, more ruinous and poorly managed projects, and a worsening of underdevelopment and dependence.

The government hopes so. But a number of observers express strong doubts. They point out that the results achieved so far have been mediocre even though the Philippines, along with Indonesia, are the country that has "benefited" most from the assistance and advice of the World Bank, the IMF, and the ADB. The World Bank

summed up those results as follows (in a report published in December 1980 under the title "Aspects of Poverty in the Philippines"): "There has been no significant improvement over the past decade.... The incidence of poverty is still relatively high." The banks points out that 30 percent of the children in the most underprivileged areas suffer from malnutrition and that the figure reaches 47 percent in the giant shantytowns. This "past decade" is the one in which the technocrats subscribing to the ideas of the World Bank and the IMF have had full powers, within the framework of martial law, to produce the much-vaunted "new society." It is clear that the chief difference between it and the old society is that it has fostered the emergence of a new oligarchy directly linked to those in power.

That being noted, the solution consists of taking the same old ideas and starting over. Washington demands it. In the opinion of Alejandro Lichauco, an economist, the Marcos government's adoption of the strategies of the World Bank and the IMF is the chief cause of the economic stagnation and of the absence of a national industry. The imposition of free trade, the unrestricted opening up of the economy to foreign capital, and the policy on export industries explain the country's immobilism in contrast to the progress made in South Korea, Taiwan, Singapore, and even China. He says: "The Philippines are the victim of those who preach free trade but practice protectionism." He resents in particular the technocrats who have placed themselves in the service of such doctrines.

He says: "The concept of the GNP is misleading. Here, the GNP has grown steadily by 5 percent per year, but we have remained underdeveloped. Thirty years of growth in the GNP have not changed anything. If all the women in our society became prostitutes and all the men procurers, we would show a tremendous rise in the GNP, but only the officials at the World Bank and the IMF would regard that as a sign of progress. The values and priorities of development have been grotesquely perverted."

In the face of the power of President Marcos, the United States, and the international financial institutions, nationalist attempts have been crushed and the auctioning off of the economy has been completed.

Lichauco also says: "Toward the end of 1972, following congressional approval of a law calling for the Philippinization of the economy, it was obvious that the nation was opposed to control of the economy and the floating of the peso. There was a consensus in Congress and in the street favoring a nationalist approach to development and a real restructuring of society." He adds: "But that consensus collided head on with the philosophy and interests of the World Bank, the IMF, and the Americans. In September of that year, martial law was proclaimed—for Marcos, it was the only way to resist change. Since then, we have accepted reactionary strategies based on industries exporting junk, cheap manpower, the division of labor, and indebtedness."

The result: the Philippines have dropped from fifth to seventh--and last--place among the region's developing countries. The country's exports totaled \$1 billion in 1971, and in 1979 they were \$4.5 billion. But during the same period, Taiwan's exports rose from \$2 billion to \$16 billion, Singapore's from \$1.7 billion to \$15 billion, and Malaysia's from \$1.6 billion to \$11 billion. Lichauco concluded: "The others have entered the modern semi-industrial era, while we have remained in the agricultural era after two decades of growth without development. But the ones

really responsible for this state of affairs are not considered responsible." On the contrary, they now have greater power and, one might say, a blank check on the future.

The strategy is not about to change. In a confidential report dated December 1980, the IMF first acknowledged that the year's performance was "below certain fixed objectives" and then added: "To reduce vulnerability to external disturbances,... the authorities have decided to accelerate industrialization by reducing tariff protection and liberalizing imports." But exports have recently been tending to decline more than anything.

Mrs Marcos' Hotels

Moreover, the government is spending considerable sums to bail out various banks and commercial, mining, and public works enterprises that are experiencing difficulties. In most cases, those enterprises (whose rise was prompted by the government) belong to the new oligarchs, who are closely linked with the presidential couple. The same is true of the 10 or so luxury hotels that Mrs Marcos, governor of Manila, had built in the capital in preparation for a meeting by the World Bank in 1976. The delegates did nothing but pass through, and now the rooms are underoccupied, while the debts have remained.

When one discovers the gloomy realities in the Philippines and then reads the favorable government statistics--which are often accepted unreservedly by some experts--one sometimes wonders if it is the same country. In October 1980, for example, Lionel Stoleru, then secretary of state for manual labor, wrote an article for a French weekly magazine on the topic "The Philippines, Japan of Tomorrow." Among other things, he wrote that his country "seems, in many respects, to be emerging as a major economic pole."

Not only were several large French firms suffering major setbacks in the Philippines at the time, but a report by the Financial Agency for Asia was presenting a very different side of the story: "The maintenance of an apparently satisfactory growth rate (probably on the order of 4 percent) has been achieved at the cost of sizable internal and external imbalances: galloping inflation, an increase in the trade deficit and the current deficit, and further indebtedness. The authorities, whose resolutely optimistic forecasts are belied by the facts year after year, are now finding it hard to disguise the difficulties. To a much greater degree than the political ups and downs,... which are more or less staged by the government itself, the worsening of the basic economic problems could have serious consequences."

111-12 Oct 81 [4]

[Text] The heavily indebted Philippines have placed their economy under the wing of the World Bank. But in 15 years, that bank has frequently changed its development strategy.

Manila--How is the economic situation of the Philippines viewed at the Asian Development Bank, whose headquarters are in Manila and which, along with the World Bank and the IMF, is one of the "prime contractors" in the development strategies? A highly placed and quite depressed international official, who does not want to be

identified, first warned us against "the mountain of statistics put out by the Philippine administration, whose accuracy and credibility are very low." It is those statistics, however, which determine to some extent the choices made. He added: "For every rule in the Philippines, there are 10 exceptions. Inefficiency is part of the system, and so is corruption."

The same expert also says: "Since the 1960's, when the economic policy was changed in favor of liberalism, the government has mainly gone around in circles. Many statements of intention have been made, but little has been accomplished as a result. The situation has gotten so confusing that it is difficult to undertake any real reforms.... Powerful special interest groups oppose them. The technocrats are always about to do something, but they don't do much except continue to borrow, notably for more or less judicious economic and social infrastructure projects."

Some of those projects (schools, roads, irrigation systems, and so on) had an initial socioeconomic and political impact in the rural areas. "Often the strategy was not bad. It brought improvements that were unquestionable, although limited, and they made it possible to contain for a time the thrust by the communist rebellion. But industrialization did not follow. For lack of a viable and dynamic economic structure, the profitability of those achievements has remained minimal, while waste has been considerable and maintenance costly. Moreover, private investors are not interested in the rural areas. A number of those projects are surviving on subsidies or are deteriorating. One measure of their low medium-term impact is the fact that rural poverty has not diminished noticeably."

So why hang on to a ruinous strategy that is poorly adapted to local conditions? The expert answers: "There you have touched on a dilemma that is not peculiar to the Philippines: what is the most appropriate economic system for fostering development? What interests guide the preparation and then the adoption of this or that strategy? It is an old debate, and here it has lasted for 20 years."

"Attacks are made on free trade, the open economic system, market forces, foreign capital, and the division of labor, and references are made to Taiwan, Seoul, Singapore, and so on. All very well. But those countries have succeeded precisely within the framework of such a system. In the Philippines, the nationalist and protectionist policy of the 1950's was also tied to a few important business families that held the levers of political power. The local market was limited, prices were expensive, dynasties held a monopoly position, and corruption was endemic. It was a failure, and people tend to forget that."

Inconsistency

The man we spoke with admits, however, that the strategies of the World Bank, the IMF, and the ADB--which replaced those of the supporters of economic nationalism--have not always been the most inspired or the most effective for the majority of the some 50 million Filipinos. Some of his remarks echo the most virulent criticisms.

He says: "Take the reports by the World Bank over the past 15 years. The development strategies go from one extreme to the other--from neoprotectionism to the most total free trade. That zigzagging policy reflects the philosophical and political inconsistency of the bank's top thinkers and the differing viewpoints of the heads of

mission. It is chaotic. So if the top officials are not capable of deciding on a line of action and sticking to it, how do you expect the Philippine leaders, or other leaders in the Third World, to make any sense out of it and overcome their situation?"

He made a gesture of discouragement and looked at Manila Bay, whose shores are overlooked by the prestigious concrete blocks--the International Center, hotel, and amphitheater--that Mrs Marcos had built for all kinds of conferences. He repeated: "How do you expect them to overcome their situation?" Apart from the fact that loans would probably dry up rapidly, nothing is less certain considering the current state of priorities in Philippine policy. In one report last year, a Western diplomat noted this: "Contrary to the analyses by the World Bank, the government is interested only in big prestige projects that devour energy, technology, and foreign capital and create few jobs. The 11 big projects occupying the ministers require \$6 billion in financing and run directly counter to the World Bank's proposals: a large cement plant (even though the current installed capacity, which is poorly utilized, would be enough) and a steel mill (in a country that has neither iron nor coal). Foreign investors might own most of the capital--or even all of it--and the minister of finance is counting on them to 'assume technical, financial, and other responsibilities for those projects.'"

The fact that such projects are poorly adapted to the country's needs may be of secondary importance if one wants to consider that their colossal cost permits "deductions" (commissions and profits) all along the line and that those deductions are equally colossal. So what does it matter to the suppliers, bankers, or industrialists (all protected from loss in one way or another) whether the projects are useful or not? It is not by chance that the World Bank indicates--in very cautious wording--that for an identical increase in production, the investment cost in the Philippines is 35 percent higher than in other comparable Asian countries. The difference represents everybody's cut. What this means in plain language is that the decision to invest, preferably with foreign credits, often appears to depend on commissions and gratuities as much as it does on purely economic considerations.

Masses and Elites

So? The high official in the ADB remarked: "I do not expect any improvement to speak of in the immediate future. The internal situation, plus the international difficulties, the price of petroleum, and the abortive reforms are likely to be very expensive for the Philippines. And the future? I hesitate to tell you that it is hopeless. In one way or another, this kind of situation may last a long time." He concluded by saying: "Even if there is some success with industrialization and with fitting the country into the international free trade system, it may be too late. The markets are saturated. At best, the Philippines can aspire to become a marginal supplier."

In a study forecasting the economies of 11 Asian countries during this decade, the Chase Manhattan Bank gives the Philippines the worst marks. There are three key reasons: poor planning, excessive indebtedness, and the high interest rate. Unfortunately, it appears that yesterday's planners and "advisers" will still be in place tomorrow.

"If this scenario continues--if the current leaders, whether from shortsightedness or negligence, are incapable of taking the indispensable steps for equalizing chances and promoting social advancement--tensions will become worse at the same time that the economic gap between the working masses on the one hand and the local and foreign elites on the other will widen. The need for the government to protect the interests of the elites will exacerbate political divisions. In the business sector, local interests will be subordinated to foreign capital."

One could hardly be more succinct in summing up the process of "dispossession" that is expanding here and predicting its consequences. It is no doubt regrettable that the one who wrote those lines is not a prophet in his own country.* His name is Ferdinand Marcos.

* Ferdinand Marcos, "South East Asia in the Year 2000," CONTEMPORARY SOUTH EAST ASIA, May 1979.

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CSO: 4200/5

SEYCHELLES

REPORT ON EXCLUSIVE INTERVIEW WITH PRESIDENT RENE

Bombay THE TIMES OF INDIA in English 25 Sep 81 p 9

[Interview with President France Albert Rene by K. N. Malik, in Victoria, Seychelles, 24 September 1981]

[Text] Victoria, Seychelles, September 24.

President France Albert Rene of Seychelles wants dismantling of all foreign military bases and withdrawal of foreign military forces from the Indian Ocean.

In an exclusive interview to two visiting Indian journalists, President Rene said the removal of bases alone would make the Indian Ocean a zone of peace.

He sees no contradiction in the continuance of the U.S. tracking station on its main island, Mahe, and the demand for withdrawal of all foreign forces from the Indian Ocean.

The tracking station, manned by about 150 Americans, he has been assured, is used for pursuing peaceful purposes. He has been assured that it will not be used for military purposes. There is, however, no way of either monitoring the activities of the station or preventing its use for military objectives, Mr Rene admits.

What he has been able to secure is a substantial increase in the fees for the use of the tracking station from \$2.5 million to \$6 million a year. The lease will end in 1985.

He would not commit himself whether Seychelles would renew the lease. Of course, the government had at one time thought of scrapping it.

India's Role

President Rene feels that the zone of peace could be established with the active cooperation between the countries of the Indian Ocean and littoral states. India, he says, can play an important role in achieving this objective.

The Seychelles People's Progressive Front-run country looks to India as an elder brother and a non-aligned nation which can help ensure permanent peace in the area and also help the tiny country to end dependence on South Africa and thwart any possible bid to domination by big powers. The trouble about the big powers, Mr Rene says, is that they would like a country to be aligned with a particular

block or else they consider it aligned with the other side. This is one of the main problems of the small countries of the Indian Ocean area placed strategically between Asia and Africa. All big powers are training their eyes on small countries like Seychelles.

President Rene, whose party is committed to socialism, is anxious to develop his country without giving undue leverage to any big power. He is a votary of non-alignment. He, however, does not think that the presence of 300 armed Tanzanians contravenes this policy.

The U.S. government has a sizable force in the Indian Ocean. It has a naval base at Diego Garcia 800 miles away. The Soviet Union also has a sizable force in the area. President Rene would favour that the two big powers should guarantee withdrawal of forces from the area. It is in this context that he regrets the postponement of a conference to consider this important problem in Sri Lanka.

President Rene says that Mrs Indira Gandhi has extended him an open invitation while she would always be a welcome and honoured guest in this country. The tiny island country has only 2,000 people of Indian origin of a total population of just over 62,000. The number of Indian passport-holders, would not be more than 24. Yet one finds an impressive Indian presence in Mahe, the most populated of the 90-odd islands which comprises Seychelles. President Rene visited India last year while Mrs Gandhi stopped over at Victoria last month.

The entire public transport fleet has been provided by the Tatas. The 100-odd passenger buses on the 80-mile road system on this main island are run by a government undertaking. But the management expertise is provided by the Indian company.

This marriage of private enterprise with a state agency is representative of a system which has been efficiently improvised by the Rene government.

Private and state enterprises from India and elsewhere are collaborating in many other fields, such as fisheries, agriculture, building of educational institutions and the import of materials and equipment for developmental purposes and essential food items.

Private traders are allowed to import on the condition that importers of basic goods must sell their goods to the state-owned agencies which distribute the materials through state-owned agencies. Private importers of other goods are allowed a fixed mark-up. This is because the Rene government believes in owning the means of production and distribution as a most efficient and a viable system for ensuring economic and social development of the country while at the same time it does not want to do away with incentive motive.

In an open economy where foreign exchange and trade are subject to least possible controls this system is considered a means of ensuring a continuous supply of essential goods at prices which most Seychellois can afford.

President Rene feels that India can help the country develop the communication system as also expansion of port facilities and aviation. Already Indian experts are exploring the possibility of government-to-government cooperation in this field.

In the past port expansion was undertaken by British and some other European countries, but the government is now studying closer cooperation with India in this field.

The director-general of civil aviation, Mr G. R. Kathpalia, visited Seychelles this year to study the scope for cooperation in expanding the aviation infrastructure.

In an effort to reduce dependence on South Africa, imports from India account for 50 per cent.

Food articles such as rice and other items of daily use are being imported from countries as distant as Australia. The price, however, has become exorbitant. He would, therefore, like a country like India to supply these items at competitive prices.

India is also lending a hand in the island's main industry, tourism. An Indian industrial house is collaborating with an American hotel chain in building a five-star hotel in Mahe.

Seychelles's main concern at the moment is to make the economy more broadbased. Tourism—79,000 tourists visited the country in 1979 which was almost 17,000 more than the population—accounts for two thirds of the country's foreign exchange earnings and employs nearly 30 percent of the labour force. Tourism also accounts for a third of the general revenue.

However, President Rene realises that this industry is vulnerable to changes in economic conditions in the Western countries from where tourists come and frequent increases in air fares.

The tourists arrival spurted in 1978 and 1979 but declined sharply in 1980 and 1981. The decline in 1981 is estimated at 30 percent. This will affect the already deteriorating balance of payment position. Meanwhile, imports have increased considerably during the last two years, mainly because of the increased purchasing power consequent upon the more than 150 percent increase in public-sector wages during the last three years.

The government has also tried to extend social services, thus increasing considerably public expenditure which incidentally increases the money supply. The up-valuation of the rupee in Seychelles early this year has given rise to inflation. President Rene, however, hopes to be able to tackle the situation.

Trade Deficit

The expansion of education, health services and capital investment in expanding the infrastructure of public-sector undertakings in not only tourism but also production and distribution were necessary for the country. However, by efficient control over bank lending to private institutions, a constant vigil on the working of public-sector undertakings, revamping the taxation system and doing away with the outdated system of free medical insurance and other social securities for the chosen few, the government has strengthened its internal economic system.

The government also successfully tied up concessional foreign loans, grants and credits from non-governmental sources. There is a certain amount of stagnation in the public sector mainly due to the uncertainties of government policies.

The balance of payment problem, however, remains real. While the foreign exchange and net services receipts together increased by only 17 per cent last year, imports increased by 51 per cent during this year. Upward valuation of the rupee made the country more expensive for the tourists than a year ago. I found even tourists from West Germany complaining of high prices of hotels and tourists services. President Rene, however, feels that upvaluation of the rupee has curbed inflation and made life easier for the Sechellesois.

Realising that there is little scope for expansion of agriculture--there is not enough land available--the government has undertaken planned afforestation and cultivation of high-yield varieties of copra and cinamon, the main export items.

It has also established four state farms to grow fruits and vegetables in effort to reduce dependence on South Africa and other countries. It has given incentives to private agriculturists by way of meeting 50 per cent of the cost of completed small-scale industrial projects. Agro-industrial projects such as fruit processing, timber, pig farms, dairying and processing plants are being undertaken with foreign help.

Oil Deposits

President Rene does not see any way out of the country's over-dependence on tourism. At the same time, it is trying its best to exploit marine resources. At present, the country is not in a position to prevent poaching of tuna, in which the sea around Seychelles abounds by the Koreans or the Japanese. It, however, has already established its exclusive economic zone of 200 miles beyond the 12-mile territorial limit.

It does not have enough fishing vessels and efficient water and aerial surveillance system to police the 5,00,000 square miles of sea around the island. It has now acquired fishing boats and entered into agreements with some foreign countries and firms to exploit the catch on a sharing basis.

He also feels that the country has billions of barrels in untapped oil deposits. There has not been enough drilling, but the President is confident that it is only a matter of time before oil is found. He has therefore, initiated a bold and flexible policy to revive almost dormant oil exploration. It has parcelled out nine blocks to foreign prospectors to help speed up exploration and find the major oil reserves. Some firms have entered into oil-sharing agreements.

Seychelles, which achieved independence in 1976 and overthrew the James Mancham government a year later, has dealt mildly with its opponents. It allowed the supporters and followers of Mancham to leave the country, taking away with them their belongings, including a stipulated amount of money. The only time it came down heavily on opponents was when it imprisoned about 24 opponents of the regime on the pretext that they were planning to overthrow the government with South African help. It also dealt firmly with the opponent of the youth education services which envisages reorganisation of the education system and stipulates two years of camp life for youth where systematic doctination is undertaken. It, however, bowed to popular demand and made this service voluntary.

BORDER POLICE ROLE, STRENGTH DESCRIBED

Bangkok DAO SIAM in Thai 15 Aug 81 pp 3, 10

[Article: "Border Patrol Police, Twenty Thousand Strong, Wage Successful Suppression Operation Campaign"; author not indicated]

[Text] Police Major General Sompot Wilaichit, Border Patrol Assistant Police Chief, revealed that under the communist suppression operation campaign more than 20,000 border patrol police personnel have been stationed at over 400 important locations in 40 provinces throughout all regions of the country.

During this suppression campaign, the border patrol police are mobilizing and striking immediately wherever communist attacks occur. The goal is to win against the communists and to cut down and destroy their fronts and their armed units. The suppression operation campaign also aims to strengthen government forces for hot pursuit and to wipe out the opposition in each target area.

The border patrol police have dispatched patrol units to search the troubled areas in order to obstruct the opposition's operation and to gether information on its activities. At the same time the patrol forces have visited the people in these troubled areas, to provide a sense of security and to forestall any fears among them of communist danger. The visits of these police patrol personnel are also to create good understanding and to correct misunderstandings between the border patrol police representing the government and the people themselves, to whom the nation truly belongs.

Police Major General Sompot said that each one in the border patrol police is keenly aware of his duty to maintain the stability of the nation and to protect the safety of the people. And each one also realizes that his duty is to help develop stability in remote areas far away from communications facilities and to assist those people who face natural disaster and famine.

The fight to win against the communists is a highly important duty that the border patrol police carry out under the government's policy. The necessity is to win decisively and quickly through continuous political offensives and emphasis on suppression operation tactics which will cut down and destroy the communist front and its armed units. The suppression operation campaign is under the military operation of the regional military administrative units and the headquarters of the Chanthaburi-Trat territorial defense forces.

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